

The Far Eastern Review

ENGINEERING

FINANCE

COMMERCE

VOL. XIV

SHANGHAI, NOVEMBER, 1918

No. 11

The Constitutional Situation in China

The Opinion of an Expert as to how the present Dispute between the North and South may be Adjusted

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The closing months of the year 1911 marked the beginning of the attempt of the people of China to establish a government that would be not only subject to the will of the governed but constitutional in character. It is with certain technical questions in public law that have thus been raised in China that this article will be concerned.

Constitutional government means that the various organs of government may validly exercise only those powers which have been granted to them by written fundamental law, or, as in Great Britain, by long established constitutional practice. Questions of legality thus arise which are distinct from those of immediate practical expediency. The personal wishes of those in executive power or their individual judgment as to what seems desirable to be done, are no longer the sole determining factors. In every case there is to be or should be answered the question whether the act contemplated is warranted by existing law, and this requirement applies both to its substantive content and to its mode of execution. In other words, to quote a famous phrase which for more than a hundred years has found a place in the Constitution of the State of Massachusetts, constitutional government means, "A government of laws and not of men."

In none of the highly developed States of Europe and America has it been always easy to live up to the letter of the fundamental laws which have been established, but the occasions upon which their rulers have attempted openly to disregard the constitutional limitations of power laid upon them have been so few in number as to be almost negligible. This regime of law has furnished striking evidence of the self-restraint and political sobriety not only of the peoples of the west but of their rulers as well. In the States of Continental Europe the legislative bodies have the power, unrestrained by a judicial veto, to determine for themselves the extent of the law-making powers granted to them by the constitutions under which they operate, but very seldom have they misused this power. In the United States the courts have the final power to determine the constitutionality of all official acts—legislative as well as executive—but during more than a century and a quarter less than a dozen acts of Congress have been held void as not warranted by the constitution. But even more important than this legislative homage to constitutional provisions has been the executive regard for the legal limitations upon official power. Even during the great Civil War of 1861-1865, when for four years the United States fought at times under desperate circumstances to maintain its unity, neither President Lincoln nor any of his advisers ever attempted openly to disregard the legal limitations which the Constitution and existing laws imposed.

In China we find a very different condition of affairs. Constitutionalism is lauded in theory, all parties, North and South, are vowing their whole-hearted acceptance of the Nanking Constitution drawn up in 1911 and promulgated in March 1912 as the fundamental law of the Republic, but no one has found it feasible to abide conscientiously by its provisions. And thus at the present time, as will later be pointed out, China possesses two national Parliaments, neither of which is able to read its constitutional title clear. How this has come about and what possible means there are for again getting the Republican Ship of State upon a constitutional course is worth considering even though it will necessitate reviewing facts which are well known to all who are kept informed of happenings in China.

The Government of China is now operated, in name at least, under an instrument known as the Provisional Constitution, a document hurriedly drawn up at Nanking late in the year 1911 and promulgated at Peking three months later. This instrument made provision for a Provisional President and Vice-President and a one chambered Council which was to serve as the national legislative body until a regular Parliament could be convened in accordance with laws which the Council was to enact, whereupon the Council was to become *functus officio*, its powers being assumed by the Parliament. The pertinent clauses of the Provisional Constitution upon this point are of sufficient importance to be quoted.

ARTICLE 53.—Within ten months after the promulgation of this Provisional Constitution the Provisional President shall convene a national Parliament the organization of which and the laws for the election of whose members shall be decided by the Council.

ARTICLE 28.—The Council shall be dissolved on the date of the convocation of the Parliament, and its powers shall be exercised by the latter.

It is significant to observe that the structure and composition of the Parliament are thus not determined by the Constitution itself but placed within the legislative control, first of the Council, and then of its successors, the Parliament. That the Parliament as the inheritors of all the powers of the Council has the right at any time to change by its own statutes its own structure and the mode of election of its members is without doubt. Thus, for example, in the so-called Manifesto issued by the Southern party and signed by Wu Ting-fang, it is declared that at the time of its second dissolution the members of the Parliament were conscious of the defects in its organization and "were indeed on the point of redrafting the parliamentary organization and election laws."

Acting under the authority given to it by the Provisional Constitution, the original Council enacted the necessary laws and a two chambered Parliament was elected under them, and convened at Peking in 1913, the Council thereupon going out of existence. These laws provided a three years' term for members of the Lower House and a six years' term for members of the Senate, one-third of whom however, were, at the beginning, to sit for but two years, another third for four years, and the third for six years, with the intended result that thus every two years the terms of one-third of the Senators would expire and the people be given an opportunity to elect persons to fill their places.

The Parliament thus elected was constitutionally qualified to act not only as the national legislature of the Republic but as an electoral body to elect the President and Vice-President and as a constituent body to draft and promulgate a permanent Constitution.

By this Parliament the chapter of the permanent Constitution which deals with the election of the President and Vice-President was drafted and promulgated, and thus, to this extent, China now has a permanent Constitution.

In accordance with the permanent provisions thus laid down, Yuan Shih-kai, in 1913, was elected President, and thereupon discarded the title of provisional President which he had previously borne. His term of office was to run until October 10, 1918. Li Yuan-hung was elected Vice-President for the same term.

In the autumn of 1913, and before the remainder of the permanent Constitution had been adopted, Yuan Shih-kai, without any serious claim of Constitutional warrant, dissolved the Parliament.

Yuan did more than dissolve the Parliament. He went on to cause a new constitution termed the Constitutional Compact to be drafted and promulgated, thus abrogating the Provisional Constitution. The other measures taken by Yuan with regard to strengthening his executive position, culminating in his attempt to restore the monarchy and mount the throne, it is not necessary here to describe, since, with the death of Yuan in 1916, they were all treated as null and void, the old Parliament was again convened and the Provisional Constitution again recognized by all as the fundamental law of the Republic.

The constitutional status of the Parliament when reconvened in 1916 was not wholly free from doubt, since already the terms of office of the members of the Lower House and of one-third of those of the Upper House had expired. But there was no disposition at the time to make a point of this since practically everyone agreed that this reconvening was a desirable step.

The Parliament thus re-established sat upon alternate days as a legislative and as a constituent body, and, in this latter capacity, began the consideration of a draft of a permanent constitution which had been drawn up in 1913 by a drafting committee of its own members. It appeared, however, that torrents of discussions had still to flow before a consummation of its constitutional labors could be attained, and before this result was reached pressure from the military Tuchuns compelled Li Yuan-hung, who had succeeded to the Presidency, again to dissolve the Parliament. In his Mandate of dissolution Li made little effort to argue that he was acting within his constitutional powers. He did indeed mention the fact that so many members of the Parliament had resigned that it was no longer possible to obtain a quorum, but no legal stress was laid upon this point, the Mandate being frankly deplored as made imperative in order to avoid still more violent and revolutionary action upon the part of the military "statesmen" of the Republic.*

A few weeks later President Li, without formal resignation—there was indeed no Parliament to which a resignation could be offered for acceptance—abandoned the Presidential chair and has since taken no place in the Government. It has not been generally admitted that, as a legal proposition, Li's resignation, if it can be called such, operated to divest him of the robes of office, and therefore, after that time, and until the inauguration of President Hsu Shih-chang, on October 10, 1918, Feng Kuo-chang (who had been elected Vice-President to fill out the term of Li when he became President) described himself only as "Acting President."

After the dissolution of the Parliament in 1917 by President Li the accepted constitutional theory, in Peking at least, was that the situation reverted to the one which had existed immediately after the Provisional Constitution had been promulgated in 1912 and before the Council had been replaced by a regular Parliament. Acting President Feng, therefore, caused to be convened a Council to which was entrusted the function of drafting new laws for the election of a new Parliament, and in accordance with the laws thus enacted, which laws differed materially from those passed by the Council in 1912, a new Parliament was elected, and since August, 1918, has been in session in Peking.

In the meantime, as was not surprising, the members of the old Parliament, who for the second time found themselves deprived of the opportunity to exercise their legislative and constituent powers, not to speak of being without the honors and emoluments of office, were not wholly satisfied with the situation. Nor were many of the supporters of the Republic pleased with the turn events had taken. Especially did dissatisfaction become widespread in the southern and south-western Provinces, where Republican and Constitutional ideas have, since the revolution of 1911, been more radical, as well as perhaps more ardently held, than in the north.

This dissatisfaction lead, as is well known, to the issuance of a call to the members of the dissolved Parliament, to assemble at Canton and there, removed from Peking control, to continue to function as the only body constitutionally qualified as the national representative body of the Republic.

During the summer of 1918 a quorum of the old Parliament was finally obtained at Canton, and since that time, there has thus been in China two assemblies, the one sitting at Peking, the other at Canton, each avowing adherence to the Provisional constitution, each claiming that the other is a "bogus" body, and each that it alone is the true, legal legislative body of the Republic with all the rights, privileges and perquisites to that status appertaining.

At the same time one is met with the very remarkable circumstances that neither of these Parliaments has attempted to make full use of the powers claimed to be possessed by it, or to perform those duties which properly belong to representative chambers under a Republican form of government. The Parliament at Canton has been indignant that the "bogus" body at Peking should have elected a President and that Hsu Shih-chang should have regarded his election as legal and assumed office, but the Canton Parliament has itself made no effort to elect a President or to continue its labors as a constitution making body.

* Li Yuan-hung might have argued that the dissolution was not illegal since the Parliament itself had no constitutional standing, the terms of many of its members, as previously mentioned, having already expired. This argument, however, he was naturally unwilling to use since it involved the admission that he had acted without constitutional warrant when he reconvened the Parliament after the death of Yuan. It was also not convenient to lay especial emphasis upon the fact that many of the members had already resigned their seats since these resignations had been brought about by pressure that was not wholly defensible.

On the other hand although it has functioned as an electoral body for the election of a President the Parliament at Peking has made no attempt to legislate, to compel the Cabinet to be "responsible" to itself, or to undertake the task of framing a permanent constitution. And, reciprocally, the President and Cabinet, although upholding the Parliament as the one constitutional representative body of the Republic, have, in practice, treated it with what can only be called constitutional contempt. They have not deemed it worth while to lay their policy before it for consideration, to seek its authorization for public expenditure, or to obtain its approval for public loans or other agreements of an international character. However, the writer of this article does not wish to be drawn further away from points of constitutional law to a discussion of defects of constitutional practice, and he will, therefore, return to a consideration of the legal questions which the present situation in China presents.

As has been already suggested, it cannot be successfully argued that the Parliament now sitting in Peking was brought into existence in a constitutional manner. There was no legal authority for the creation of the Council which enacted the laws under which this Parliament was constituted and elected. And now, as rendering the constitutional situation at Peking still more unsatisfactory, there is a President who derives his sole right to office from election by this irregularly constituted body. The only way, therefore, that the Peking Government can be held to have more than a *de facto* character is to admit frankly that in 1917, if not earlier, there occurred what must be legally viewed as a revolution, that is, that there was then a break in the constitutional continuity of the Government, the overthrow of the old constitutional régime and the beginning of a new one, under the same constitution to be sure but with a new Government which does not trace its legal title back through the Government which preceded it. Only thus can one truly say that the present Peking Government is *de jure* as well as *de facto*.

But how is it with the Government which has been established at Canton?

In Canton we have a Parliament which can trace its constitutional lineage back to the revolution of 1911 only if it can establish the fact that it is composed of persons who can make good their legal claim to be members of the old Parliament, and that there are enough of these members to constitute a quorum sufficient to enable them to exercise all of the powers vested in the Parliament by the Provisional Constitution.

It is commonly reported that such a quorum has been obtained at Canton. The writer of this article is not able to say, however, just how many of the persons thus in attendance are the same persons or their "alternates" who were originally elected to Parliament in 1913. And, in any case, with regard to the "alternates" none of them could legally serve unless the seats occupied by them had been made vacant by the death, formal resignation, or expulsion by the Parliament itself in accordance with the provisions of the Law of Parliament of September 27, 1913. In order, then, to determine surely whether there has gathered at Canton a genuine quorum of the members of the old Parliament it will be necessary to scrutinise carefully the claims to membership of each of the persons now constituting the Canton body.

Granting, however, for purposes of argument, that the assembly at Canton includes a quorum of the persons who were members of the old Parliament, there is one fundamental legal objection to admitting the claim of any of these gentlemen with the exception of a few from the Upper House that they are still members of Parliament. They were elected in 1913, the members of the Lower House for three years, one-third of the members of the Upper House for two years,

another third for four years, and the other third for six years. Therefore, by the effluxion of time the terms of all these Parliamentarians, with the exception, as said, of one-third of the Upper House, have come to an end.

The rejoinder that has been made to this obvious objection is that the periods of time during which the Parliament has been illegally prevented from sitting should not be counted. The sur-rejoinder to this is that whatever may be the equities of the case as a legal proposition, the claim is without weight. Not only can no precedent in the public law of other constitutionally governed countries be cited in support of it, but it contains within itself logically contradictory propositions. It asserts in one breath that the dissolutions of the Parliament by Yuan and Li were wholly illegal, but in the next breath declares that these Mandates of dissolution were legally effected to bring the sittings of the Parliaments to a close, so that, for the time being, the terms of the members would not continue to run their chronological course. These Canton Constitutionals, while denying that there was a legal warrant for a Presidential Mandate shortening the terms of members of Parliament as fixed by law, assert, nevertheless, that the Mandates were effective to lengthen these terms.

It has already been admitted that these Mandates of dissolution were without constitutional warrant, and, this being so, what the members of Parliament should have done (that is, should have done from the legal point of view) was to have disregarded them and continued their sittings as they had a right to do. Having failed thus to exercise their undoubted rights they cannot now say, with any show of legal reason, that their terms of office should for the time being have ceased to run.

The writer does not know of any instance in any other country in which the precise proposition asserted by the members of the Canton Parliament has been set up. It is, therefore, impossible to cite a case in which it has been denied. But there are cases almost beyond number in which the right of individuals to sit in legislative chambers has been protested. Contested election cases occur in practically every Congress of the United States, and not infrequently it has happened that the successful contestant has not been given his seat until his term has nearly expired. But never has it been thought reasonable to raise the point that because these persons have thus been prevented from exercising their membership rights, therefore, their terms should be deemed to be *ipso facto* extended.

Or, consider the matter from another stand-point. The members of the Canton body make their claim to continued membership in the old Parliament as though it were a matter of purely personal right as between them and the executive branch of the Government which ousted them from their seats. If there had been a contractual relation between these members and the Executive in the nature say, of a lease, or an agreement to grant a certain period of time for the carrying out of an undertaking, it might be arguable that if the one party were prevented from enjoying possession of the premises rented or of performing the agreed upon work within the prescribed time by reason of illegal action upon the part of the other party, that then the term of the lease or the period for the performance of the work should be extended. But in truth the actual situation in China is one that bears not even an analogy to this supposititious case. In the first place the matter is one of public and not of private law; and, in the second place, the Canton contention wholly ignores the fact that such rights as members of any elected legislative chamber may be conceded to have arisen by reason of the fact that they have received from their several constituencies a mandate to represent them for a prescribed length of time.

In other words persons are elected to public office only that they may carry out the wishes of those who elect them, and, in order that the will of the electorate may be made continuously effective, legislative terms are commonly made comparatively short. The reason why the term of office of the members of the Lower House of the Chinese Parliament was fixed at three years was in order that at the end of each such period opportunity would be given to the people to express their will as to who should represent them for the next period. Thus by electing or failing to elect former members the people could say whether or not they approved of the policies voiced by those members. But now more than six years after they were elected the persons now constituting the Canton assembly assert that they still have the right to voice the will of the people in whom as the Constitution says the sovereignty of the State resides. If this contention were admitted it would logically follow that if there were an interregnum of thirty or even forty years, instead of two or three years, the surviving M.P.'s would still have a right to put themselves forward without another election as the representatives of the people. In other words, because the President issued an illegal Mandate, which was not disregarded by the Parliamentarians, it is now asserted by them that the right of the people each three years to speak their sovereign will at the polls was destroyed. The argument is absurd upon its face.

In fine, then, the present constitutional situation is this: Tested by the Provisional Constitution and the laws enacted pursuant to its provisions, neither the Peking nor the Canton Parliament is a legal body. And it results from this that President Hsu Shih-chang's title to office is defective. The Canton Parliament has not seen fit or has not been able to elect a President, but has contented itself with recognizing a so-called Administrative Directorate of the Military Government as its acting executive. No pretence is made, however, that the Provisional Constitution gives authority for the establishment of such an agency.

Though neither the Peking nor the Canton Parliament is constitutional as tested by the Provisional Constitution, all parties are agreed that that document should continue to be recognized as the fundamental instrument of government, regarding it as they do as the only constitutional cable which prevents the Ship of State from being cast wholly adrift. In the meantime, though neither side has a good case, the country remains a prey to disorder and civil strife at the very time when it is most important that China should be in a condition of domestic peace and unity in order that she may fulfil her international obligations to her Allies, protect herself from infringements upon her independence, conserve her natural resources, and develop her commercial and industrial interests.

The problem reduces itself to this. By what programme and process can a *regime* be established which will be recognized as constitutional by both North and South?

Of course, if either side could be induced or compelled wholly to abandon its position and accept that of the other, the problem in its present aspects would be solved, although as a merely academic proposition political theorists might continue by way of intellectual recreation, to dispute as to constitutional rights and wrongs of the past. It does not appear, however, to be within the realm of probability that either side can be persuaded, or that, as a military proposition it is practically possible to compel it to abandon wholly its present position. A compromise of some kind upon the constitutional question is, therefore, imperative.

One such compromise which has been suggested is that both the Canton and the Peking Parliaments should dissolve and a new Parliament be elected under the laws of 1912. This solution would undoubtedly come very near to meeting, if it did not actually meet, all the requirements of the Provisional Constitution, for there can be no question that these laws

were valid when passed and that they have not since been legally abrogated. The new Parliament when convened would proceed to the election of a President—presumably Hsu Shih-chang—and thus the Executive would also be placed upon a constitutional basis.

Satisfactory as this solution would be from a constitutional point of view, it presents the practical difficulty that it is a virtual concession by the Peking Government that it never had a legal basis—a concession which it is not reasonable to suppose the Peking Government can be induced to make.

If, then, one is to remain within the realm of what is reasonably possible of attainment, in China at least, search must be made for an arrangement which will more fully exhibit the elements of compromise, and yet result in a situation which cannot be constitutionally questioned by either side. The plan which, to the writer's mind, will best satisfy these requirements is the following:—

Let there be constituted a joint or Conference Committee composed of a small number of members from each of the Canton and Peking Parliaments, this Committee to agree upon the terms of new laws for the organization and election of a new National Parliament, these laws thus agreed upon, to be enacted, without amendment, by both Parliaments, and, under them, a new Parliament could be elected, whereupon the Parliaments now sitting at Peking and Canton would go out of existence. Prior to this the Canton Parliament might elect Hsu Shih-chang as President of the Republic, or, after the convening of the new Parliament that body could elect Hsu to the Presidency.

Thus would be brought into existence a Government the constitutionality of which neither side could or would be disposed to assail. Each side would, to be sure, remain free to assert that the new Government derived its legality solely from the action of its own Parliament in enacting the laws under which it was constituted and that the approval of the other Parliament was, legally speaking, an act of supererogation; but this would not affect the constitutionality of the result. By this plan not only would there be brought into existence a Government which all could look to as constitutional but it would have all the essentials of a genuine compromise. Each side would make exactly the same concession, each would play a precisely similar part in establishing the new Government, and, what is possibly still more important to the Chinese mind, neither side would have to admit that, in the past, it had been constitutionally in the wrong. It has to be borne in mind, of course, that both sides have continued to assert that they have thus far pursued a constitutional path.

When the question is approached as to the means whereby the politicians and statesmen of China can be induced to take the first effective steps to bring about a compromise we enter the field of practical politics. Of late the opinion has been declared in several quarters that an expression of hope by friendly Powers that China should compose her domestic difficulties and that they stand ready to offer their "Good Offices" to bring this about, would be of stimulating value. If this is so it will be a great pity if those Chinese who have at heart the welfare of their country do not find a way to assure these friendly Powers that such action upon their part would not be taken amiss by the Chinese people. China is at the present time in dire need of foreign financial aid in order that her administrative services may be reorganized, her currency reformed, and her natural resources developed. But those nations which wish to see China strong, independent, and prosperous, cannot, however, willing, give her this financial aid until she is in a position to use it not for carrying on a fratricidal and destructive civil war, or the maintenance of military forces over which the Central Government has insufficient control, but for the advancement of the true and permanent welfare of the whole country.

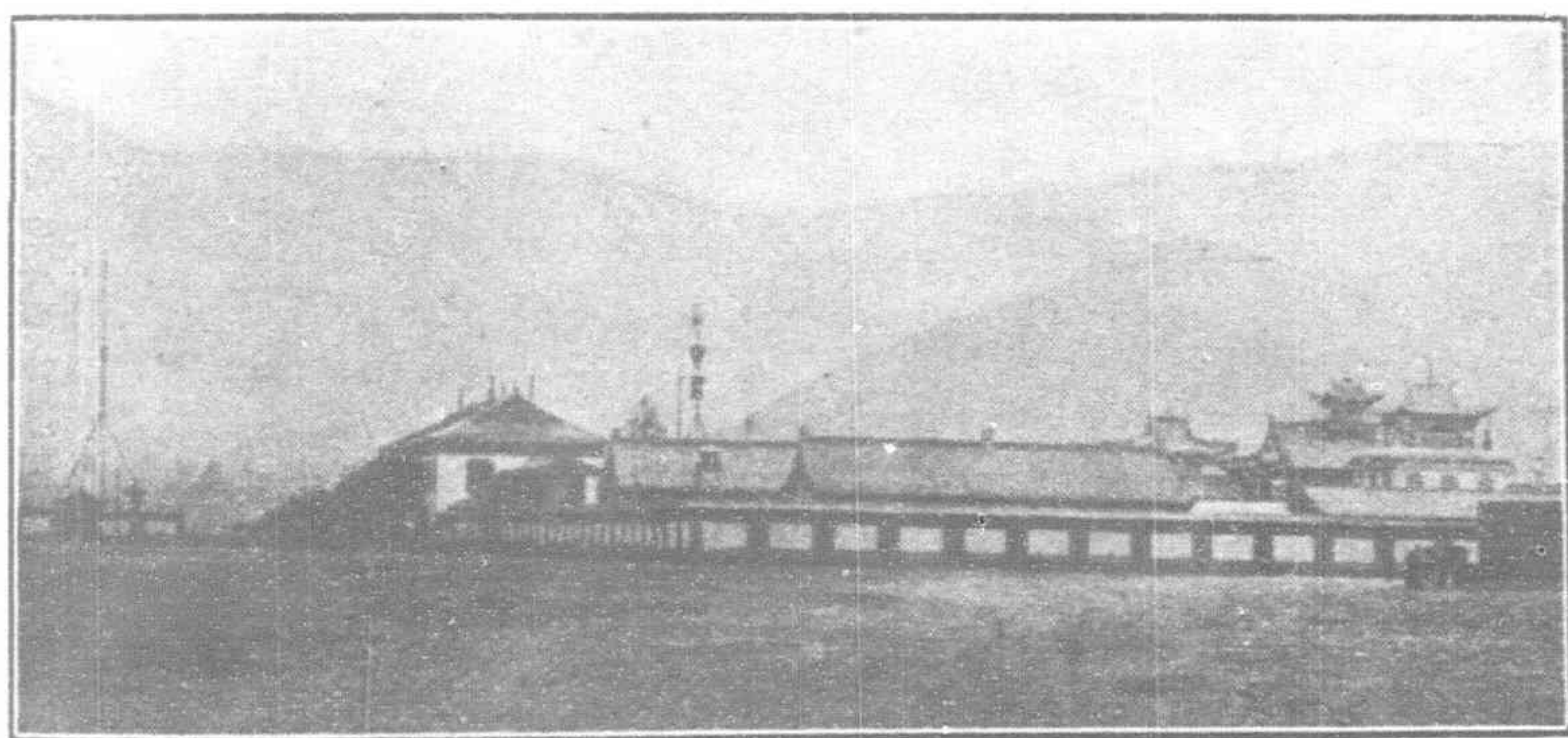


THE OLD AND THE NEW—CAMEL CARTS PASSED ON THE WAY TO URGU

Across Mongolia by Motor Car

A Romantic Region, Marvellously Rich in Pasture, with Great Cattle and Sheep Raising Potentialities, Awaits Development

The wealth of romance and mystery which have always attached to the Mongolian plateau and the Gobi Desert, as they do to all great spaces of the world difficult of access, and inhabited by stalwart nomads, picturesquely garbed, and blessed with characters built up by arduous and unceasing battle with nature, are threatened with annihilation. The advance agent of "civilization," this time in the shape of the ubiquitous gasoline propelled juggernaut known as the motor car, bids fair to become established as a means of transportation, and with proper organization will carry the world and his wife in comparative comfort over the great plains—hitherto the domain of the stately and slow treading camel, the persevering bullock, and the hardy Mongol pony—and waft them to the city of the "Living God" and back again, or beyond, as they desire, in no time.



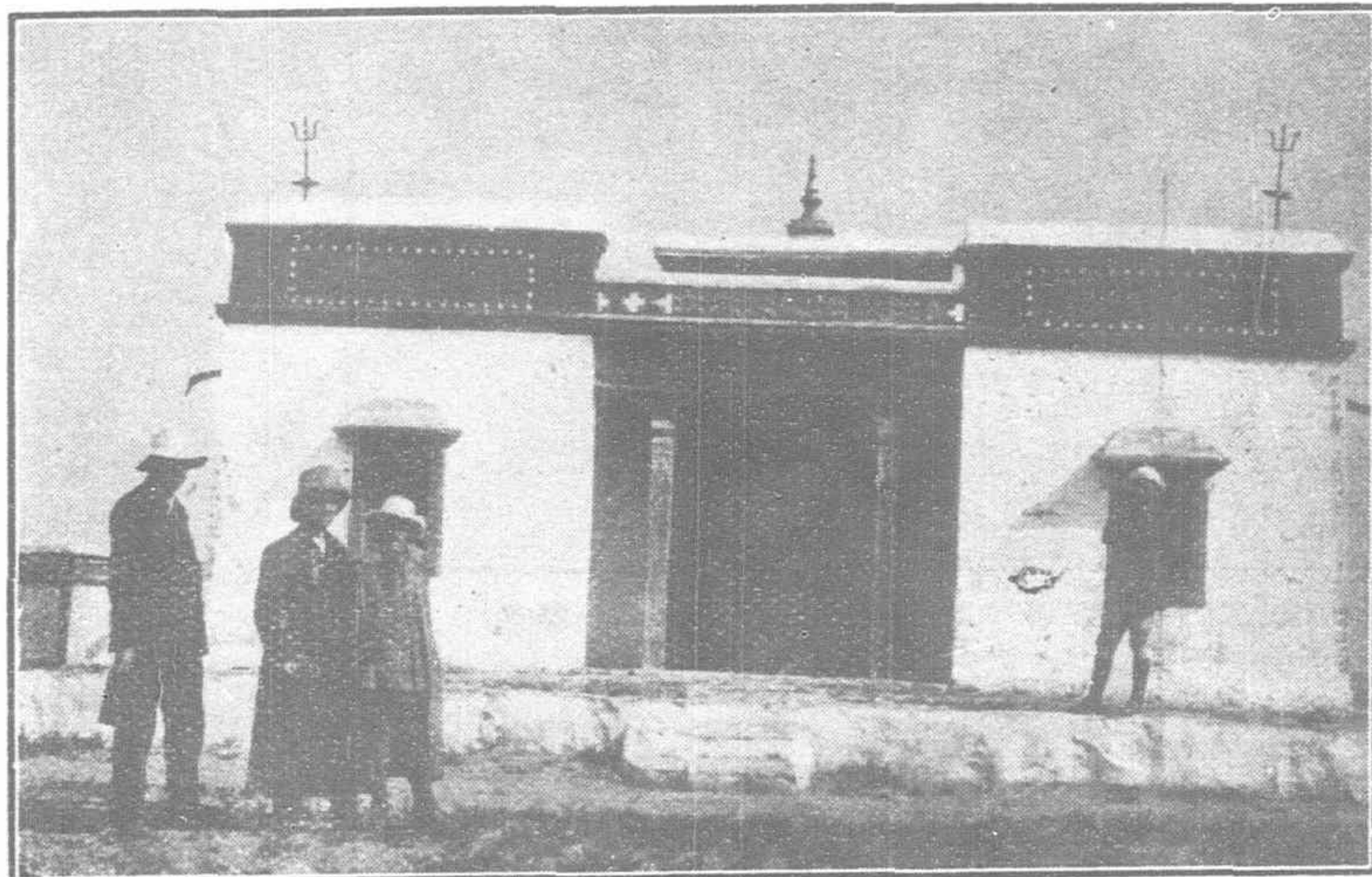
PALACE OF THE HUTUKHTU, URGU

To cross the so-called "Gobi Desert" from Kalgan to Urgu, or on to the Siberian railway, via Kiahkta, was up to now, regarded as a great adventure—a journey to be undertaken only by the intrepid and the strong, and one which left the brave negotiator of the region somewhat of a hero in the eyes of the less fortunate arm-chair inhabitants of the globe. The trials of the long march of the camel caravan—it took up to 35 days for the "ship of the desert" to make Urgu from Kalgan, or *vice versa*;—the picturesque Mongolians who wear great leather boots with turned up toes, gorgeous colored robes hitched with a clamorous hued sash in which were stuck with vicious mien sundry long bladed knives, the harrowing howls of the packs of wolves in "the dead vast and middle of the night"; the sweeping eagles ever circling in the blue infinitudes; the great herds of antelopes flying swiftly in long single files like wind-blown ribbons; the yellow robed lamas in their hundreds at various

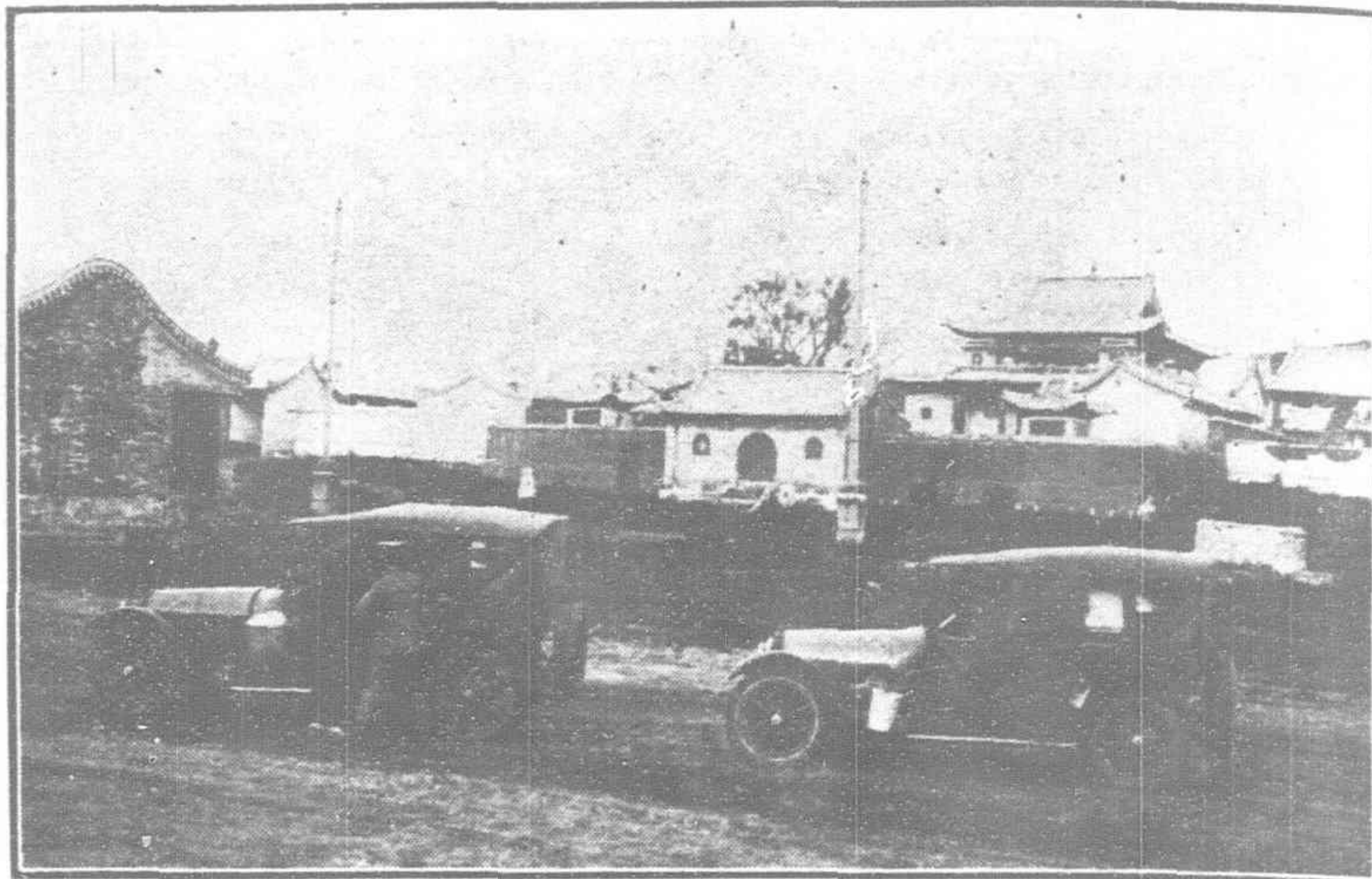
lone monasteries in the "desert," and in their thousands at Urgu; the Mongol horsemen—and every Mongol, man or woman, is as part of the horse—who ever and always gallop wildly and whoopingly about various parts of the landscape, lassoing fleeting steeds from the wild eyed mob, and in chase of game firing unerringly in full flight, constituted subjects for anecdotes calculated to bind with an entrancing spell all listeners who have never braved any wilder route than is followed by a railway train or is cast in pleasant places in the proximity of Chinese treaty ports. The monopoly to Mongolian stories hitherto enjoyed and made the most of by such "brave" people—people clad in dust-stained travelling suits, whacking their riding boots betimes with a gaily plaited and ornamented Mongol riding quirt—is now doomed, for anyone with a few hundred dollars can penetrate the "wilds" and the "desert"—which is a grass-grown plain—and there see the descendants of the dashing horsemen who laid Europe in ruins in the bygone days, and hear all the tales of derringdo that are to be heard, see the corpses on the plains about Urgu being torn and eaten by dogs, and count the glistening skulls which bleach on the city outskirts, and maybe catch a glimpse of or have an interview with the "Living God" himself. So the motor car has come along to wreck a beautiful source of hair-raising stories and make malodorous with gasoline fumes a region blest with tonic sunlight and invigorating air in spring, summer, and fall. The one redeeming feature is that the hitherto untroubled Mongol will be free from the prying eyes of the world and his wife and their trail of empty tins and bottles from October to April, for then John Frost rules with vigorous hand, and in winter the glass registers for lengthy weeks anything down to 60 below zero. No motor car will cross the expanses then.



URGU—VIEW OF RUSSIAN SECTION



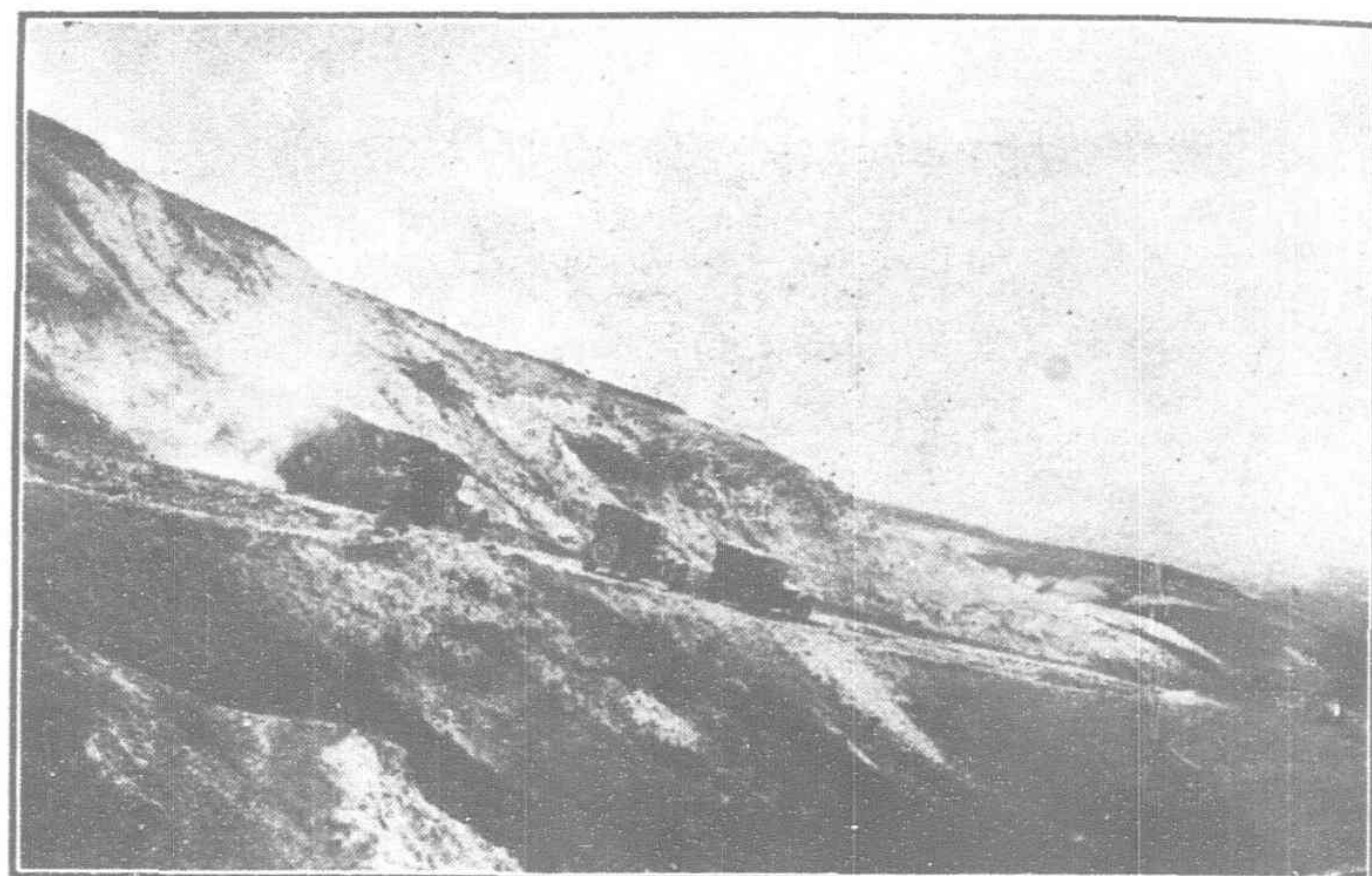
LAMA TEMPLE NEAR PONGKIANG, ABOUT 250 KILOMETRES FROM KALGAN



LAMA TEMPLE NEAR TOP OF PLATEAU, ABOUT 40 KILOMETRES FROM KALGAN



LAMAS AT TURIN



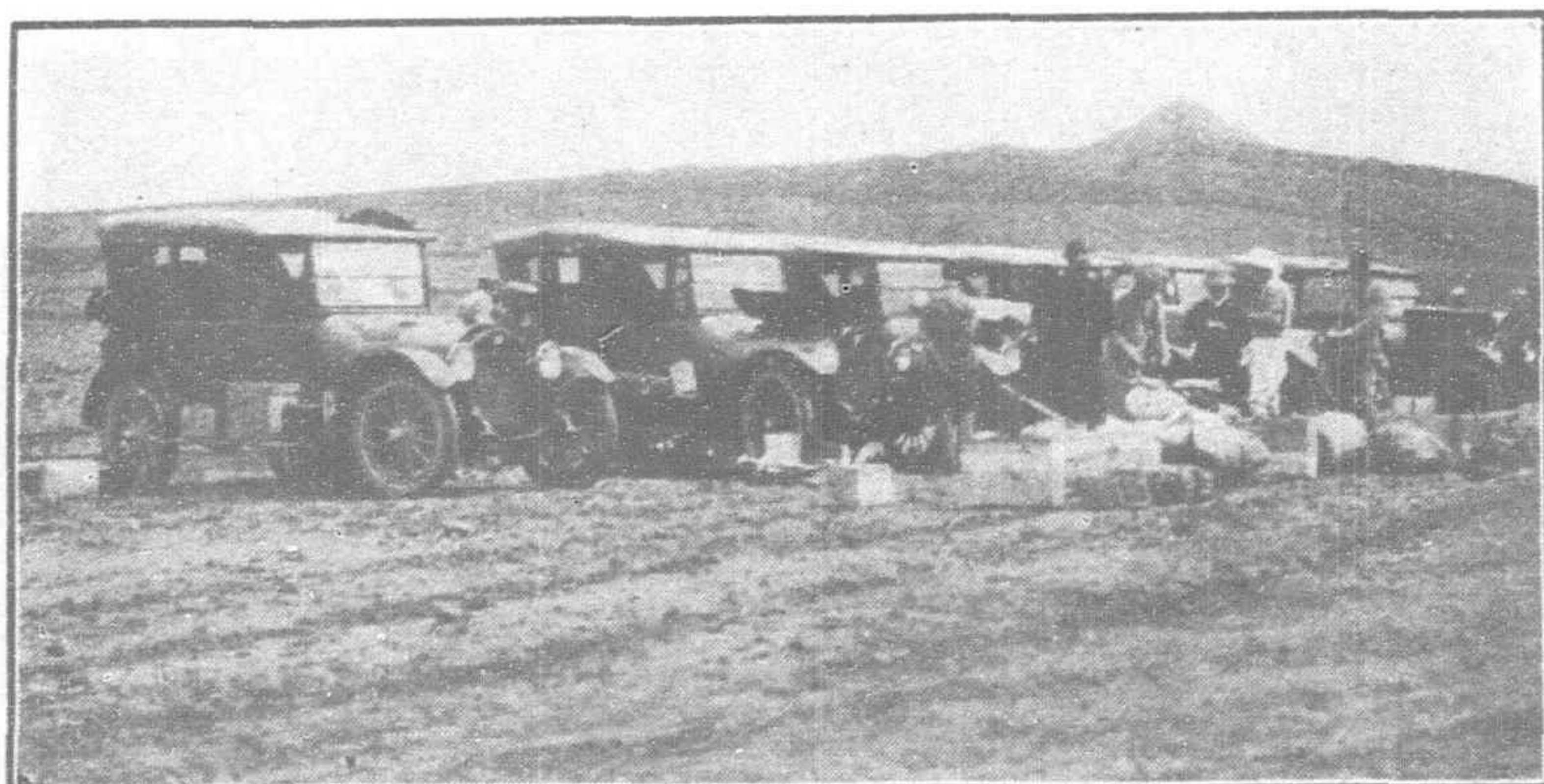
DESCENDING FROM PLATEAU TO KALGAN



LAMAS, ACCOMPANIED BY THEIR WOMEN AND CHILDREN, RIDING ROUND HILLS AT TURIN TO DRIVE AWAY SICKNESS



NEAR THE TOP OF THE PLATEAU



PREPARING TO START FROM TOP OF PLATEAU



BULLOCK CARTS EN ROUTE TO URGU—JOURNEY TAKES FROM TWO TO SIX MONTHS

But in the warmer months there may be regular service which will enable the traveller to speed from China proper right through to Urga, and thence to the Siberian railway. In a recent issue we announced the opening of such a service. During past months many cars have been operating on the plains, and from Mr. Roy Chapman Andrews, who is in charge of the Asiatic Zoological Expedition of the American Museum of Natural History, who is an experienced traveller and trained observer, we have been able to glean some idea of the conditions now obtaining. Mr. Andrews returned from a visit to Urga about the middle of September, and what he had to tell descriptive of the country and the trip we give below.



A MONGOLIAN BUSTARD

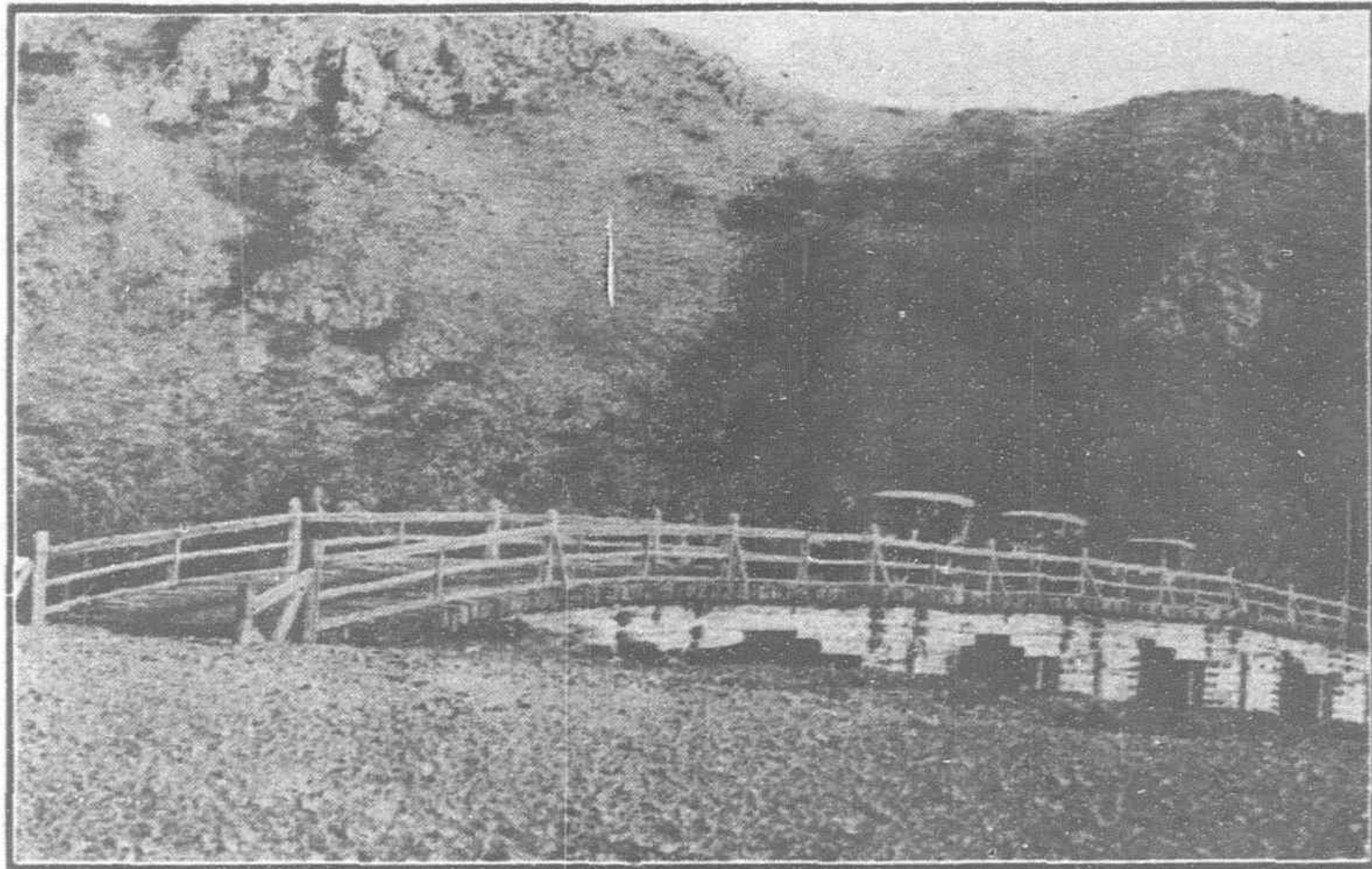
Until a road has been built through the pass immediately entered after leaving the walls of Kalgan—on the railway from Peking to northern Shansi province—no cars can connect direct with the tableland. The pass is a rocky ravine, which carts traverse with difficulty, and which defies economic automobile traffic. Passengers now have to ride in carts or on horses, or walk some eleven or twelve miles to the tableland, to reach the cars which start from the small village of Hei-ma-hou some miles from the top. The inauguration of a properly organized service should see a garage and rest-house established much nearer Kalgan, the present station being made use of owing to the presence there of a mission, which affords protection to the cars. Starting out at daybreak the cars traverse a road cut into many ruts, but taken right through it is not bad going to Tanjan. For sixty miles from Kalgan the great plains are under cultivation by Chinese. A great amount of good grain is raised including splendid oats and millet, the oats being as healthy and heavy in grain as Mr. Andrews has seen anywhere in America. Year by year the cultivated area is gradually extending, the plough eating into the grazing lands at the rate of some ten or fifteen miles a year over a wide front. Mongols eschew the arduous work of the agriculturalist, probably because many years ago the Manchus forbade them to cultivate, and leave the raising of produce to the Chinese, who are rewarded with substantial crops. The Chinese live in mud houses, but beyond their tilled lots the roving Mongols live in yourts—great tents made of felt—and the established villages of lamas at different places on the tableland are composed of timber houses.



RUSSIAN TARANTASS AT URGU

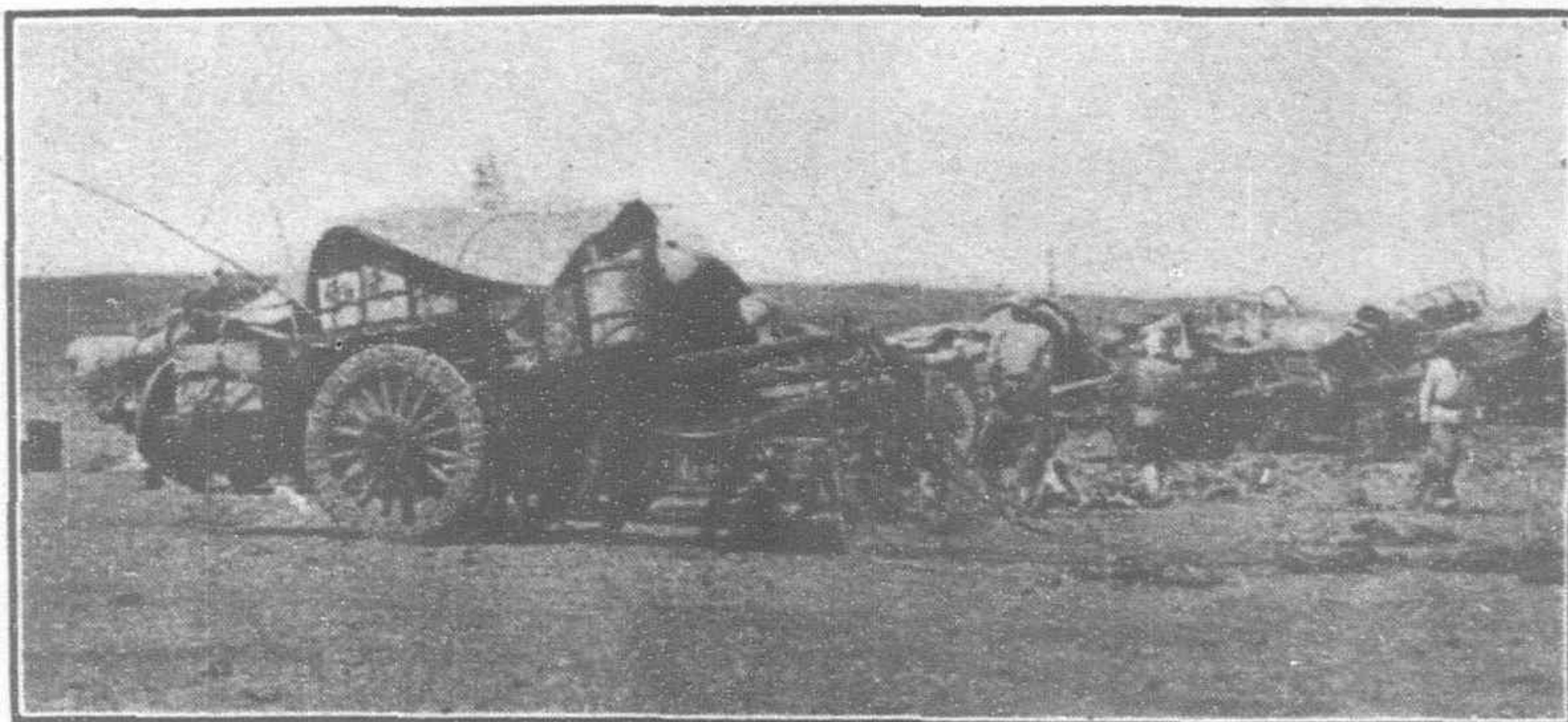
Grass lands stretch for miles, being dotted here and there by flocks and herds, but with capacity enough to raise beef for half the world. The rolling plain develops near Tabul into a chain of hills some 300 to 400 feet high, and these give way to a further stretch of rolling plain for seventy-five miles, devoid of wells and without a sign of life, except that introduced by the travelling

caravans. The going is good and the country is covered with long sweet grass. From Tanjan, the first telegraph station, the road is bad for fifty miles. The grass becomes thinner and patches of sand begin to appear, though as far as the eye can see the wide plain has the appearance of meadow land. The sand patches are sufficiently bad severely to test light cars, and occasionally all passengers must turn out to take their turn at pushing. A strong powered car would, of course, find no difficulty, but any machine used on this trail must be light. Bad going generally adds to the difficulties of the drivers for some distance, in fact until the next telegraph station, Ude, is reached. A large monastery of striking appearance is passed near Ude, and another is reached at Turin, before which the road is good. Turin is situated in the midst of rocky country some 5,500 feet above the sea level. Three temples are situated in the middle of the hills, and about them, scattered like a collection of pill boxes, are the residences of the lamas.

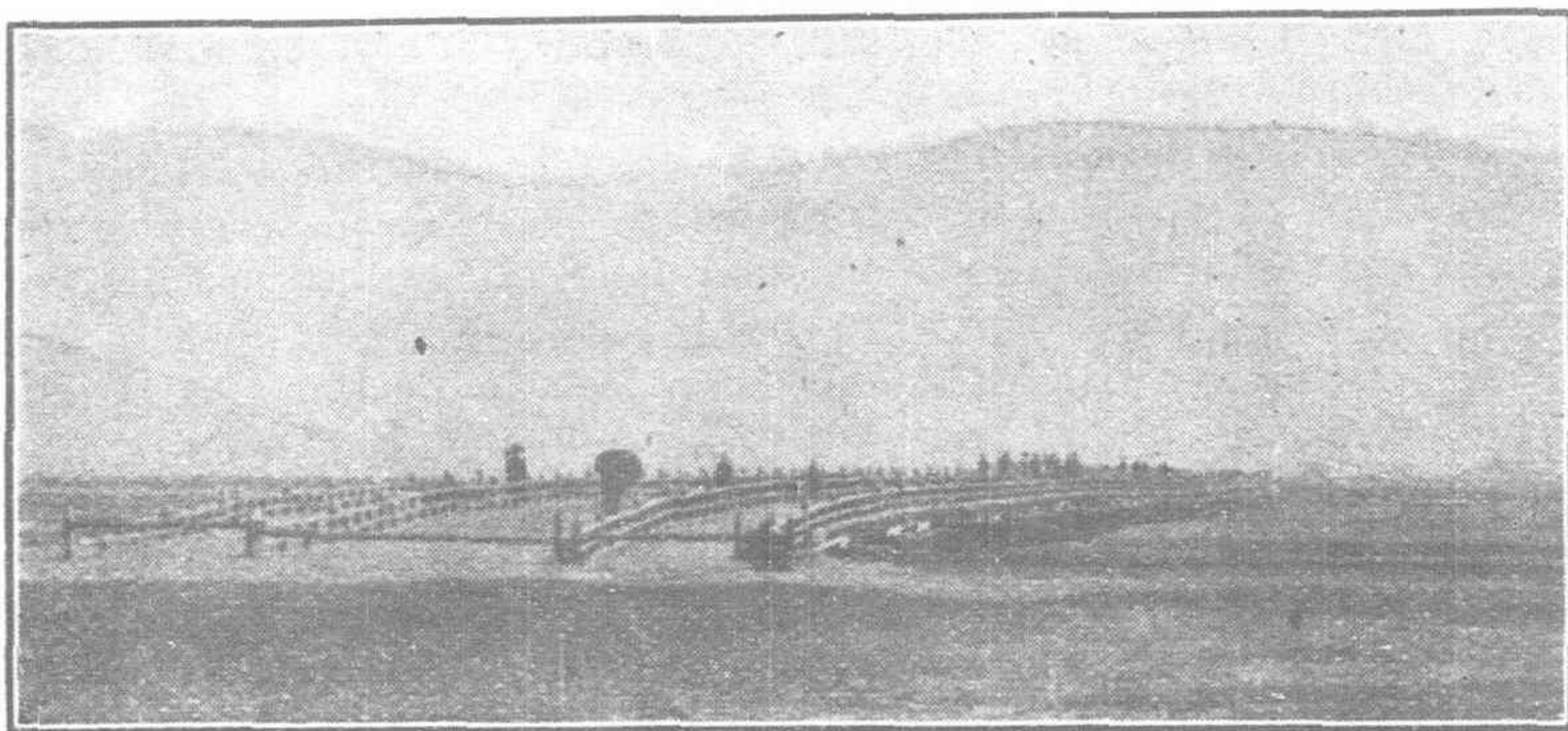


WOODEN BRIDGE NEAR URGU

From Turin to Urga the road is splendid for cars, being hard and comparatively smooth. After descending from Turin a plain seventy miles wide is crossed, a plain which when viewed from the hills has the appearance of a great sea or cloud bank. The grass is thinner and Gobi sage bush appears until within seventy-five miles of Urga, when rich pastoral lands are entered, growing heavy long sweet grass. Flocks of sheep and goats, and mobs of horses are seen at various places on the route and this country constitutes the finest grazing in the whole region traversed, being marvellous grass land. Then Urga, the erstwhile mysterious city, is seen nestling in a valley, 3,700 feet above sea level, with hills to a thousand feet in height encircling it. In front the densely forested Bogdinol, "God's mountain," rears itself, and nearby runs the Tola river, a sparkling stream in which the rainbow trout disports itself unmolested by the Mongol inhabitants. As Urga is approached it has the appearance of an old American frontier town, the houses being surrounded with high wooden stockades, the logs of which are some fourteen or fifteen feet in height. The city is divided into three sections, Chinese, Russian, and Lama, the latter being inhabited by some 35,000 lamas. The Chinese number about 3,000 and the Russians 2,000. Altogether the city extends a distance of five miles, narrow streets dividing up the Chinese and Lamaist section, with wider thoroughfares in the Russian. The business is mostly done by Chinese, but the chief



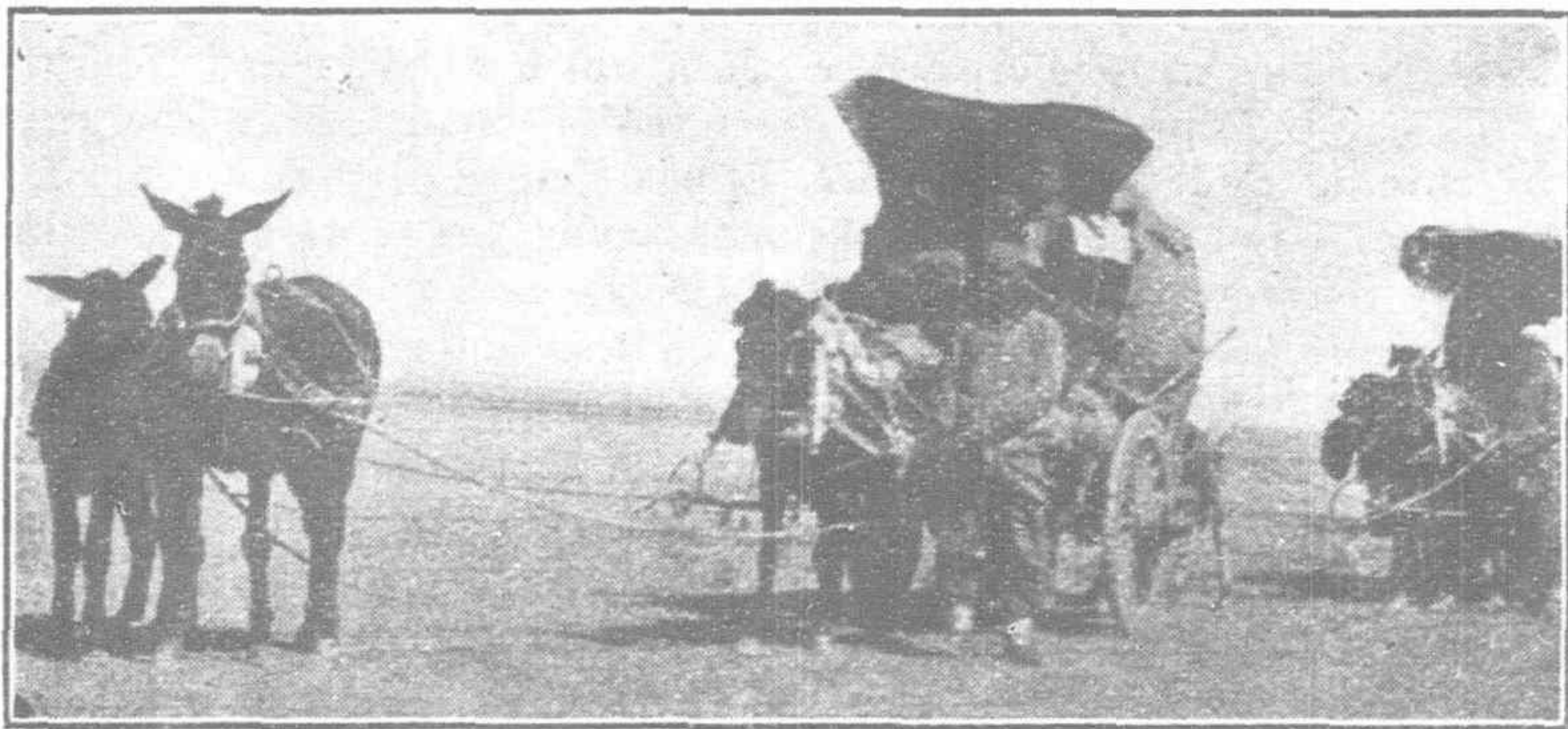
CARTS LADEN WITH GASOLINE FOR DEPOTS ALONG THE ROUTE



BRIDGE IN FRONT OF HUTUKHTU'S PALACE, URGU

influence is, or was, Russian. Its surroundings and its people make Urga a remarkably picturesque city, and to this aspect is added the mysticism which attaches to the presence there of the so-called "Living God," or Hutukhtu (the Mongol word for "Saintly"), the third in rank among the Lamaist hierarchy, in which he is known as the Cheptsundampa (Tibetan for "Venerable Best") Hutukhtu, who is the spiritual colleague of the Chinese representative at Urga. He resides in a temple about a mile from the Lama city, a residence which is reputed to be filled with many novelties of the west, presented to him from time to time by various travellers, or specially imported by Russians and others desirous of cultivating his good will for some reason or other. The first motor car to be introduced to Mongolia is said to have been presented to him, as well as the first gramophone, and no doubt the first of a number of other things familiar to Occidental life.

The timber clad hill which forms a feature of the landscape and which is known colloquially as "God's Mountain" is a game reservation coming directly under the control of the Hutukhtu. It is reported to be patrolled by two thousand lamas, and no-one armed with a gun is allowed to approach. All manner of indigenous animals are said to roam the forest unmolested.

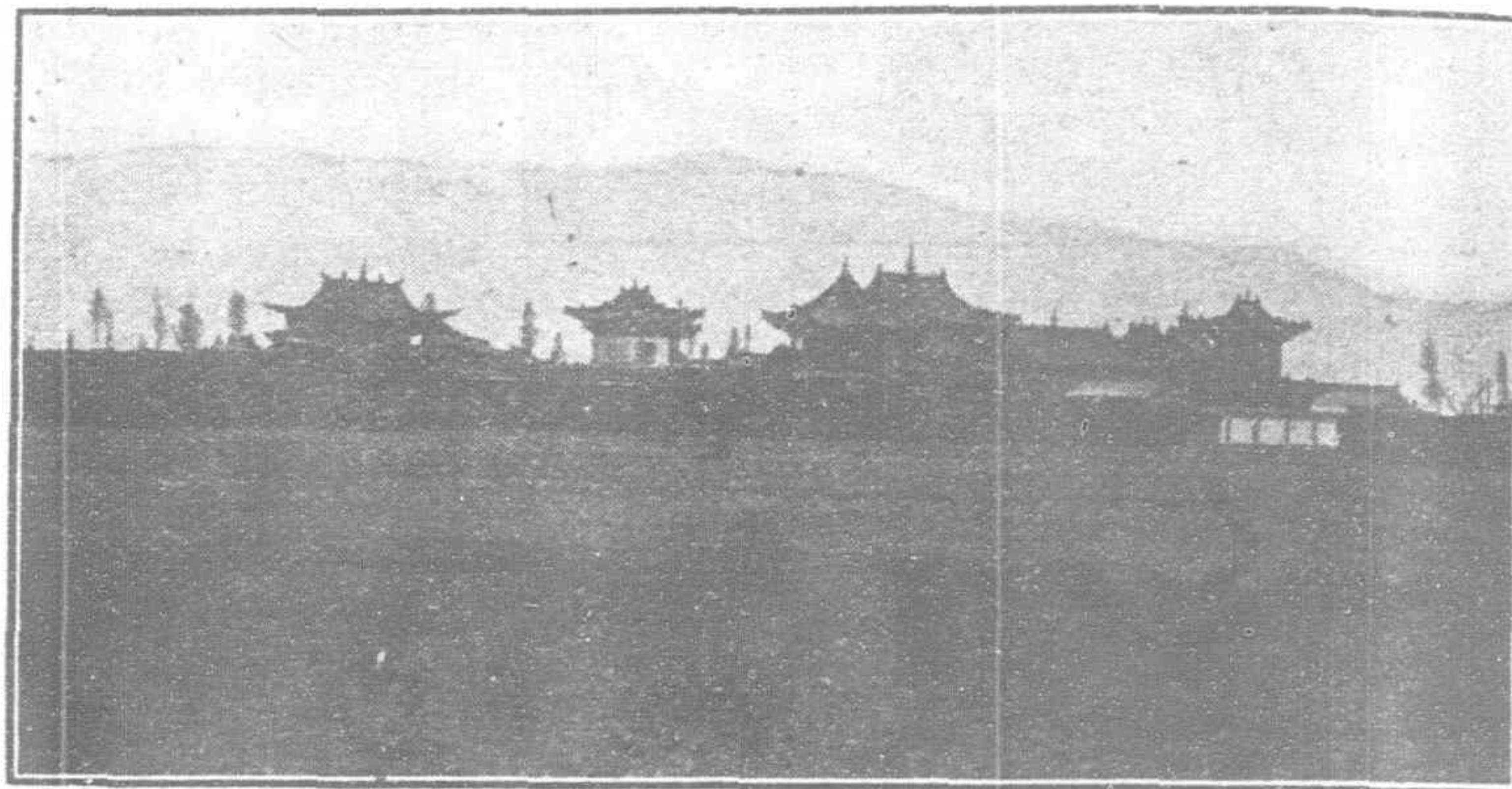


MULE CARTS EN ROUTE TO URGU. JOURNEY TAKES 40 DAYS

The feature of the city which appeals most immediately to the stranger from the outer world is naturally the inhabitants. Their extraordinary and picturesque costume, the high colors they affect, their method of life—and death, are intensely interesting. In life they appear to get as much as is possible from it—when they die their corpses are thrown to the dogs on the plain or the hill sides. There is no burial in Mongolia. When a person dies his corpse is of no further interest to anyone and the quicker it can be got to the wastes the better. The dogs and the wolves fight for the flesh, and nothing much more than the grinning skull remains to inspire philosophy in some modern Hamlet. Dead, the people are of a little interest to the stranger as affording food for reflection upon the curious custom of abandonment of the corpse, as compared with the reverence accorded the dead by other Oriental peoples, and the respect shown the departed by all Occidentals; but alive the Mongols constitute a never ending source of entertainment. Their costumes, their great boots, the singular head-dress of the women, their remarkable feats of horsemanship—and the terrible

legend that lies behind them—make them entrancing. In a cloud of dust a highly colored cavalcade will come at full gallop down the street and with a twist of the wrist the animals will be on their haunches. There is dash and gaiety, good humor and generosity about them.

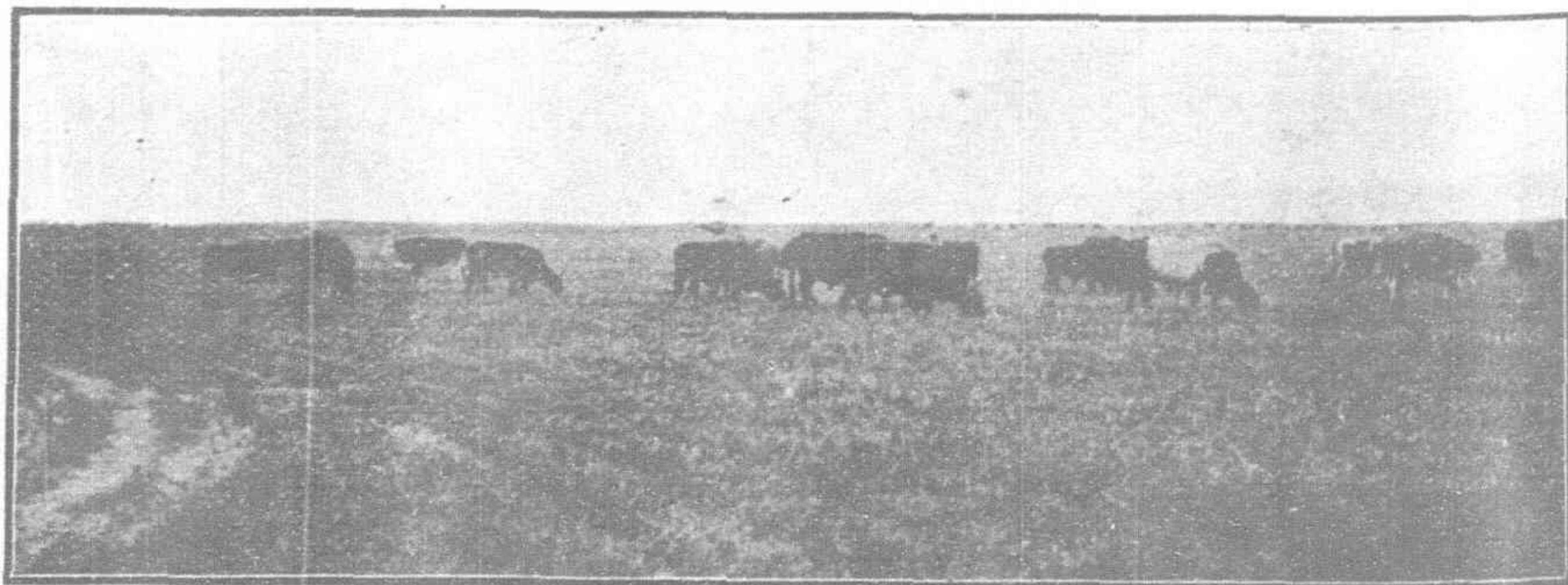
And they will gape at the world and his wife in the future just as the latter will gape at them, but much of the glamor of Urga and the plain will be gone when a modern hotel will vomit tourists by the swarm, and ever present clouds of dust in the distance will indicate the coming and going of the hurrying and irrepressible traveller. However, there is one consolation—it will take a long time to influence the Mongol to walk a hundred yards when there is a horse about, and longer before the sartorial equipment of the European will induce him to abandon his love of flaring colored robes. Nor will the Mongol woman change her curious coiffure; discard the strings of beads which adorn her head or change the silver ornaments which hang about her on sight of some of the modern western creations worn by European womankind.



RESIDENCE OF BROTHER OF HUTUKHTU

The chief impression of the great country lying between Kalgan and Urga and beyond is that it is like the prairies of Nebraska and Texas, with one hundred per cent. better possibilities than exist in the great West of the United States. There is more water on the Mongolian tableland than on the Nebraskan or Texan prairies, and conditions are easier. Where dry farming has to be undertaken in America there is no necessity for such in this section of Mongolia. It is a distinct misnomer to call it a desert. On the long trail to Urga there is little to suggest a desert; on the contrary it is for the most part good to rich grazing lands, and for tremendous areas magnificent grain raising country, though it must be said the periodical high winds, and early intense frosts give the farmers a bad time of it very frequently. Water is obtained from wells some 20 to 30 feet deep, while heavy rains fall in the summer—so heavy as to obstruct motor traffic for days. In some areas the well water is affected by alkali, but in most it is sweet, the middle section being the worst. All along the way alkali ponds are encountered, some small, some large. At one big lake Chinese work continuously procuring salt, and from this source it is possible to gather many thousand tons a year.

Caravans are constantly being met with; long strings of camels and ponies, and carts drawn by bullocks or horses, all fully laden. Two caravans passed by Mr. Andrews' party consisted of about 500 carts. Thousands of loads of hides were going into



VAST PASTURE LANDS OF MONGOLIA



MONGOL COIFFURE
A WOMAN OF THE KHALKA TRIBE

Kalgan from the tableland and Urga, as well as huge carts laden with wool. The trend of trade was from Urga to Kalgan, very little merchandise was on the opposite route, which indicates that the troubles in Siberia are diverting trade to China, a fact which the Chinese should hasten to develop. There is no reason why the whole fur trade which used to go northwards from Urga to the Siberian line and thence to Germany should not come south to Peking and Tientsin. Some attention to the road, the erection of proper stations, the organization of a service of motor lorries, and

an effort to control the trade should bring ample reward to all engaged in the enterprise.

From the natural history standpoint—in which Mr. Andrews was, of course, particularly interested—the plateau does not offer much variety. Apart from the herds of cattle, the mobs of horses, and the flocks of goats and sheep, and finer looking sheep Mr. Andrews says he has seen nowhere, the antelope is perhaps the most interesting animal. Herds were encountered comprising as many as 600 and 1,000, which travelled at remarkable speed, strung out in a long line, parallel with the route of the car and eventually sweeping round and crossing ahead of the car some five hundred yards distant, travelling faster than the car and with a grace of movement which gave no indication of exertion. Though the car at one time was speeding at the rate of thirty-five miles an hour, the antelopes—a herd of about two hundred—swept easily along and ahead. A shot fired at them increased even this speed, but did not divert them from their course. It is a peculiarity of antelope that they always run parallel with anything which travels and frightens them, and eventually sweep in a large semi-circle across its path. They seldom turn backwards or dash off at a tangent, a fact also observed in Africa. In Mongolia three species of antelope were noticed, the short-tailed Mongolian and Goitre, and the long-tailed Preszwolsky gazelle.

Great numbers of golden eagles, two or three species of hawks, and large ravens were continually in evidence, and invariably sat at a distance from the camps waiting to scavenge, while large flights of cranes were seen from time to time. In the cultivated area thousands of ducks and geese appear in the spring and fall, when migrating north or south. Lapwing plover in abundance as well as gophers and bustards were continually encountered, and seventy-five miles from Urga and thence northward hundreds of marmots were observed. The marmot—a thick-set animal something like a beaver as to build—are hunted for their skins, which are sold by the Mongols for about 30 cents silver. The marmot, it is interesting to recall, is the animal believed to be the carrier of the pneumonic plague which swept Manchuria some years ago.

One disagreeable feature of travelling on the tableland is the strong winds which prevail. In the day time the sun is very hot, but immediately after sunset the air becomes very cold, particularly in September. The grass keeps down the dust, and little blows except when stirred up by cars or carts, but is soon dispersed by the strong winds.



MONGOLS INTERESTED IN CARS EN ROUTE TO URGHA

If the motor service, which has now been inaugurated is to be a success, organization is immediately necessary. The cars are driven by Chinese chauffeurs, and one driver, who has to be his own mechanic, is compelled to drive the whole of the 780 miles to Urga and back. The plain in many parts is rough; in the sand spots in the central section a light car gives strenuous work, and besides tiring the driver the wear and tear on the car caused by not too gentle handling in the bad places, combined with the high speed driven whenever a good piece of going is encountered, soon wears a machine out. Capsizes are not infrequent owing to careless driving in soft places, and breakdowns are sure to be constant because there is no proper supervision over the cars. At present a car travels the whole distance, whereas one car should do but one section. It should then be thoroughly overhauled for the return journey. If the route is divided into three sections, if sufficient cars are provided for relays and all are put under foreign supervision, then there should be no trouble. Accommodation houses should be provided at the different stages where travellers might procure rooms and food. At present it is preferable to travel on till nightfall and then pitch camp, starting away at daylight in the morning. By travelling all day the journey from Kalgan to Urga or *vice-versa* should be covered easily in four days. When this is contrasted with a camel journey it may be gauged what a transformation the car is going to effect on the Mongolian tableland and beyond. It must be mentioned, of course, that cars have been in use for a long time between the Siberian railway and Urga, an irregular service running before the war broke out. When the European conflict terminates it is certain that motor traffic in Mongolia will be given greater attention, and then it is likely that the rich grain lands will further extend and greater herds will be put on the pastures. There is no reason why great meat packing establishments and flour mills should not flourish in the region, except, of course, for the fuel difficulty. Even that may be overcome by the discovery of coal, and it is certain that within a few years a proper geological survey will be made.



A MOTOR-CAR ON THE KALGAN PASS—CLEARING A PASSAGE THROUGH THE ROCKS. THIS CAR WAS SENT UP SOME YEARS AGO AS A PRESENT TO THE HUTUKHTU

Osaka Shosen Kwaisha's Record

The shipping companies of Japan have generally been prosperous since the war began, all making showings of enormous profits earned during recent years. The record of the Osaka Shosen Kwaisha for the first half of this year, as told in the official report of the company, was something extraordinary.

The number of ships which were employed, either belonging to the company or chartered, during the period under review, was 145, with the total tonnage of 343,941. These ships have been distributed to 47 routes in Japan and foreign countries. There have been 1,157,624 passengers, and 72,938,311 pieces of cargo carried, the receipts from these services having amounted to Yen 64,371,056. Adding miscellaneous revenues, the total revenues of the company for the period footed up to Yen 67,216,497. Of this amount Yen 31,349,630 was used for various expenses, the balance of Yen 35,866,867 having been the gross profits. Compared with the corresponding period of last year, there has been an increase of Yen 36,422,801 in the total receipts and Yen 21,944,560 in the profits, and compared with the latter half of last year an increase of Yen 13,674,619 in the profits. Remembering that the capital of the company is Yen 50,000,000, of which Yen 18,937,500 has not yet been paid up, the profits of Yen 35,866,867 for one half-year was indeed extraordinary.

What has the company done during the first half of the year to earn so much? The report says that the general shortage of bottoms having continued during the period the freight rates rose enormously, so as to produce a far better result from the company's business than the preceding period. Services in Japan were lively and prosperous. In the Japan Sea, because of the disquietude in Russia, the Russian trade came to a stop. Besides, an order of prohibition of importation was promulgated in Vladivostok, so that the amount of cargo fell in the outward trips of steamers to that port. But in return trips the cargo space was full to the overflowing, because of the congestion of goods, products of North Manchuria, shipped from that port. Passengers were also many, so that the company increased its revenues from the Japan Sea service compared with the preceding period. The Korean service was not without some reasonably good result. The Formosan service was also favorable, because of sugar transportation. The service to South China was also favorable because exports from Formosa to South China have increased. Of the North China services, the Tientsin and Tsingtau services were particularly busy, in spite of the rise in rates. The Dairen and Manchuria services were particularly busy, because of increased industry in Manchuria and the increased number of passengers. At the end of the period under review there was several hundred of thousand tons of goods tied up at the Dairen wharves. Because of the increase of importation of copra as well as exportation of Japanese goods, the South Sea service was also prosperous, both the trips back and forth having been made with full cargo on board each steamer. The services to Sumatra via Singapore, and to Java via Singapore and Bangkok, which were opened in the middle of the period, have been very promising. The Indian service suffered somewhat owing to the transfer of steamers from that service to be offered to America. The rates rose but the outgoing cargo did not decrease, and on return trips the cargo space was employed to the limit because of the increase of raw cotton and other merchandise to be transported. The profits from this service were far beyond comparison with the corresponding period of last year. The Australian service was likewise lively, because Japanese goods exported to fill the gap caused by the stoppage of supply of European goods were very large in amount, and because Australian goods exported to Manila to take the place of American goods, whose exportation was prohibited, also increased. The South American service has also been prospering, because the trade between Japan and South America and between South America and South Africa remarkably developed, and also goods shipped to ports of call and the passengers to Brazil have increased. The North American service increased the bottoms in its forward trips because of the ships transferred to America, and exports to America continued to be lively in spite of the increase of bottoms, and because of the pending American restriction of exports and imports, goods to be carried from America were

piled up at the port of departure all at once, so that the company increased the capacity to transport by adding temporarily chartered steamers to the regular steamers and the steamers which were to be transferred to America. But the movement of goods on return trips was not as lively as might have been were it not for the American orders of restriction. At the end of the half-year term, the company extended the terminal of two of the steamers as far as Singapore, which together with one other steamer established a once-a-month regular service to connect with the South Sea and Indian service. The three steamers in the new Marseilles service of the South European route, which service was opened in April, had a full cargo to carry. The company also purchased the Bombay-Genoa service together with the steamers running, which had been conducted by the Kuhara Mining Company under a contract with the Italian Government. The result of this new service cannot be shown as yet, but the company expects much from it, as it will establish a connection with the Indian service. The report mentions the fact that three of its steamers, the *Java Maru*, the *Indo Maru* and the *Malay Maru*, about 23,000 tons, have been transferred to the service of the American Government by order of the Imperial Japanese Government.

To sum up, the report states that rather unusual results have been obtained during the period under review because of the high freight rates and also of the large-sized steamers which were put in service.

The report adds several sets of figures. The table of assets of the company shows a total of Yen 125,567,850.14, including the unpaid amount of shares of Yen 18,937,500.00 and the value of 118 vessels, gross tonnage 271,596.4, estimated at Yen 37,325,318.36, Yen 14,309,791.10 worth of bonds and securities and other negotiable instruments, and various other minor items.

The gross profits of Yen 35,866,866.96 as mentioned before have been accounted for. Among other items of expenditures, the company paid the war profit tax amounting to Yen 4,700,000. Several minor amounts have been reserved as deposits, for repairs and for wear and tear of the property. The net profit of Yen 17,716,866.96 was divided further into smaller items, including Yen 1,553,125 dividend and Yen 7,765,625 special dividend for the shareholders, the former amounting to 10 per cent. per annum and the latter 50 per cent. per annum of the capital, in all 60 per cent. Rather liberal amounts of bonuses have been given to employees of the company, amounting in all to Y.1,543,000.

The Ministry of Agriculture, Commerce and Industry has drawn up a set of regulations which was promulgated on September 7, to control Chinese public accountants. Any Chinese citizen who has completed a commercial course in a foreign or Chinese University, or who has filled for five or more years the post of accountant in a bank or firm with a capital of \$500,000, is qualified to apply for a permit to pursue the profession of a certified public accountant. It is believed in Chinese circles that this new profession will be as popular as the practice of law has become because at present there is a dearth of expert accountants in China, and the Chinese merchants are beginning to appreciate the merits of modern accounting, and not infrequently public accountants will be called on by commercial firms to advise on bookkeeping methods.

Beginning a few years ago as an occupation for spare moments, the making of hand embroidery in the Philippines is rapidly becoming an important industry. In 1914 exports of hand embroidery from the Philippines totalled 324,912 pesos, and in 1917 the exports had grown to 3,929,318 pesos. There are now 19 large concerns in Manila alone, employing approximately 60,000 workers on the piece-work plan, most of the work being performed in the homes of the needlewomen. Fourteen of these firms devote their attention entirely to the export trade. Philippine hand embroideries are of cotton and linen, no silk being used. The popular materials are nainsooks, batiste, voile, georgette, crepe de chine and net cotton, all of which are imported. The industry may assume large proportions with the excellent opportunity for meeting the demand in the United States, as the consumption in that country of European embroideries before the War amounted to some \$30,000,000 a year.

Cotton Spinning in Japan

Some Details of a very Profitable Industry

At the end of 1917 there were 43 cotton spinning companies of recognized standing in Japan, registered as members of the Japan Cotton Spinners' Association, with 170 factories belonging to them, according to the 30th semi-annual report of the association issued for the latter half of 1917. In June, 1918, two of these companies, the Settsu and the Amagasaki, amalgamated and formed the Greater Japan Spinning Company. The total amount of capital of the 43 companies, at the end of last year, was recorded to be Yen 162,830,150, but since the Greater Japan Spinning Company increased its capital from Yen 19,500,000—the original total of the two companies put together—to Yen 30,000,000, the total has increased by Yen 10,500,000, bringing it to Yen 173,330,150. The paid-up capital of these companies was Yen 115,623,020, which must have increased when the amalgamation of the two companies took place.

The association membership has fluctuated since June 30, 1903, and the number of companies given is not the entire number throughout Japan. The annual report of the Department of Commerce for 1916 gives the total number of factories as 240, with a total paid-up capital amounting to Yen 94,250,610. The cotton spinning industry received such a fillip during 1917, that it is reasonable to expect a big increase in the number of factories has taken place, so that the entire number of factories and of companies operating them must have been many more than 170 as given in the report of the Cotton Spinners' Association. But it is safe to say that the membership of the Association includes all of the largest cotton spinning mill companies in Japan.

The semi-annual report referred to, in giving further details of the capacity of these companies, takes the number of the companies as 39, which was the number in June, 1917, and gives the average number of spindles operating daily as 2,872,283, whereas in the first half of 1917 the average was 2,828,988, and in the latter half of 1916 it was 2,775,923. The number of days worked during the latter half of 1917 was 164, which means that there have been about 16 holidays in six months. The average number of hours worked per day was 22.17 out of 24. Cotton yarn produced by 39 companies amounted to 47,087,829 kwan (kwan equals 8.269 pounds avoirdupois), the raw cotton used as material being 54,360,732 kwan. A considerable amount of by-products were disposed of. The amount of coal consumed was 815,909,341 pounds, average price per 10,000 pounds having been Yen 49.93. The motor-power used per day was 68,332 horse-power of steam, and 22,105 horse-power of water, electricity and gas combined. Thus the amount of coal consumed per one horse-power was 3.269 pounds. The average number of working hands per day was 25,776 men and 96,852 women, their average daily wages having been 57.28 sen for men and 39.19 sen for women (sen equals one-hundredth of yen).

The greater part of the cotton used as material by the cotton mill companies for the latter half of 1917 was imported from India, from where they secured 35,259,438 kwan, whereas the entire amount of raw cotton used was 54,360,732 kwan, that is about 65 per cent. American cotton came next with 14,727,676 kwan, followed by Chinese cotton amounting to 2,500,096 kwan, Egyptian amounting to 883,777 kwan, Annam and Saigon amounting to 262,942, Korean amounting to 503,652 kwan, and others amounting to 223,151 kwan. Approximately the same proportions of the different kinds of raw material were used in the first half of 1917, aggregating 54,352,509 kwan, the total for 1917 amounting to 108,713,241 kwan. A table of figures of semi-annual amounts of raw cotton consumed shows a steady increase, with one or two minor exceptions. Whereas in the first half of 1903 the total amount was 23,182,049 kwan, in the first half of 1917 the amount increased to about two-and-a-half times as much. The price for the raw cotton imported by these companies in the latter half of 1917 amounted to Yen 170,640,011, whereas in the first half of that

year it was Yen 164,039,282, and in the latter half of 1916, Yen 122,233,230. The wide difference in the amounts here given does not necessarily mean that the quantity of cotton imported has increased in the latter half of last year by so much; for as has been shown in the foregoing sentences the quantity has not increased materially. The rise in the price of raw cotton, accompanied by the rise in freight rates largely contributed to produce the difference.

The amount of cotton yarn produced in the latter half of last year was 956,945 bales (one bale containing 40 rolls), imported 648 bales, totalling 957,593 bales. Of this last amount 209,391 bales were exported to foreign countries and Japan's dependencies, and 748,202 bales were consumed in Japan. The price commanded by 209,391 bales exported was Yen 61,189,224, whereas in the first half of last year 261,461 bales only yielded Yen 52,592,748, and in the latter half of 1916, 253,177 bales yielded Yen 41,021,751. These figures show how the price has risen during last year and particularly during the latter half of last year. It is hardly necessary to add that the major portion of the cotton yarn exported from Japan was sent to China, the amount having been Yen 46,713,054 out of the total of Yen 61,189,224.

Nineteen companies are listed as weavers of cotton fabrics: Settsu, Osaka Godo, Fukushima, Temma, Naigai first and second mills, Matsuoka, Osaka, Naniwa, Kishiwada, Wakayama, Kiyo, Utsumi, Tsuji, Amagasaki, Toyo, Kanegafuchi, Fuji, Tokyo Calico. 32,710 machines were operating during the latter half of 1917 for 160.9 days, 13.12 hours per day, and produced 301,544,066 yards of various kinds of cotton fabrics. The average number of yards turned out per machine per day was 52.97. The raw cotton consumed for the weaving industry was 72,467,403 pounds. Waste yarn produced was 1,046,124 pounds. The average number of working hands employed per day was 4,588 men and 24,526 women; their wages having been 61.1 sen for men and 46.5 sen for women. Compared with the first half of 1903—when the number of machines operating was 4,992, working days 157, working hours per day 13, cotton fabrics produced 39,662,016, per machine per day production 48.4 yards, raw cotton consumed 10,420,228, waste yarn turned out 189,898, average per day number of working hands 666 men and 4,212 women, average daily wages 36.8 sen for men and 23.7 sen for women—the record of the latter half of last year was a remarkable advance. Altogether thirty-one different kinds of fabrics are mentioned in the report as having been manufactured by the 19 companies. The amount of cotton fabrics exported abroad from Japan during the period under review was Yen 87,247,306, of which Yen 49,293,227 was exported to China, Yen 13,828,835 to Korea, Yen 7,838,300 to India, and the rest to different parts of the Far East and even to England, America, Australia, New Zealand, Hawaii, etc., nothing having gone to Germany, as was the case for some years past.

Towels exported in the latter half of last year to different Far Eastern countries, and India, Australia, the Philippines, and other lands, amounted to Yen 1,334,719, which was a slight decrease in monetary amount compared with the first half of last year, which was Yen 1,850,550. About one-third of the exportation was made to China, amounting to Yen 433,596.

Knitted products were exported during the period amounting to Yen 9,341,311, India leading in the amount consumed with Yen 2,705,667, followed by China with Yen 1,309,094, then by Korea with Yen 1,272,327, and other Far Eastern countries, Straits Settlements, Asiatic Russia, Dutch East Indies, Hongkong, Australia, the Philippines, England, Egypt, and Cape of Good Hope regions, etc. There has been a marked increase in amount over the first half of last year, when the value of exports was Yen 7,757,354.

Only 33 companies are listed in the table of semi-annual statements of accounts, so that the table is incomplete. These 33

have declared dividends ranging from 10 per cent. of Matsuda Weaving Company to 60 per cent. of Fukushima Cotton Company, the average rate having been 41.1 per cent. The average rate of dividend of the first half of 1903 was only 17.1 per cent., which did not change very much until the latter half of 1916 when the rate was 23.5 per cent. and in the first half of last year it was 33.4 per cent.

The prosperity of some of these companies has been indicated by the standing of their shares on the share markets in Japan. The Settsu shares of Yen 25 averaged Yen 155.38 during December, 1917, the Amagasaki shares of Yen 25 averaged Yen 151.20, while the Kanegafuchi old shares of Yen 50 averaged Yen 223.32, and the new shares of Yen 40—only Yen 35 being paid up, were valued at Yen 207.33.

Profits of Companies

Although the Japan Cotton Spinners' Association resolved to cut down production by 10 per cent. for six months from January to June, these companies seemed not to have suffered very much as a result. They were able to earn enormous profits. The following is a list of twenty leading cotton spinning or weaving companies in Japan whose semi-annual profits have been reported:—

	1918 First half Yen	1917 Latter half Yen		
Kanegafuchi	9,350,000	7,599,000	Increase	1,751,000
Fuji	7,138,000	4,686,000	„	2,452,000
Nisshin	1,604,000	1,160,000	„	444,000
Toyo	8,956,000	6,827,000	„	2,129,000
Dai Nihon (Settsu and Amagasaki Amalgamated) ...	9,612,000	Settsu 3,006,000 Amagasaki 6,372,000		
Osaka Godo	5,551,000	5,008,000	„	543,000
Kishiwada	2,183,000	2,922,000	Decrease	739,000
Osaka Orimono	831,000	486,000	Increase	345,000
Temma	489,000	451,000	„	38,000
Tokyo Calico... ..	414,000	349,000	„	65,000
Kiyo	335,000	313,000	„	22,000
Oita... ..	354,000	291,000	„	63,000
Osaka Meriyasu	240,000	216,000	„	24,000
Matsuyama	40,000	146,000	Decrease	106,000
Wakayama	2,108,000	1,008,000	Increase	1,100,000
Naigai	1,866,000	1,655,000	„	211,000
Mishima... ..	67,000	65,000	„	2,000
Nihon	63,000	151,000	Decrease	88,000
Naniwa	187,000	154,000	Increase	33,000
Hinode	467,000	186,000	„	281,000
Total	51,855,000	43,051,000	„	8,804,000

Beside the foregoing it is estimated that about Yen 7,000,000 as profits have been gained by Fukushima, Terade, Handa, Kodzu, Sanuki, Utsumi, Yokkaichi, Umiduka, Nagasaki, Shimada, Meiji, Kinkai, Sagami, Matsuoka, Ehime, and other companies combined.

How "Punk" is Made

One of the really flourishing native industries in Chihli Province is incense making. The incense is the "punk" of our early Fourth celebrations and perhaps the method of manufacture may be of interest. On a recent trip through the "Hills" west of Peking a number of incense mills were encountered. They are all run by water power and stand on the street side of ordinary Chinese courtyards, as indeed, the manufacture is still carried on in ordinary Chinese houses, rather than in large factories.

The ingredients were cedar roots, elm bark and poplar wood and bark. We could not learn in what proportions nor whether these ingredients were invariable, except that these were the only kinds of wood used and we were assured that no other flavoring or spices were ever used.

The wood is ground to a fine powder which is then mixed with water to a firm paste or dough. This dough is then put into a peculiar press which is the most interesting and unique part of

the process. The press is made of a hollowed log into which is fitted a tight plunger. The plunger has a long lever which is pressed down by the workman who holds this lever under his arm pit. As the plunger sinks, the additional fulera are obtained by blocks which are quickly stepped in as the mass of dough squirts almost vertically from a small round hole in the bottom of the press. This dough, now a long spaghetti-like coil, is caught in a basket-tray held in the left hand of the operator who succeeds in gathering quite a pyramid of it at one time.

The spaghetti of wet incense is quickly turned over to another worker who trims it by hand, rolling round what is irregular and seeing that it is ready for the drying frames. The cutting is done by a wire frame the size of the finished incense and the drying is done in the open air.

The workmen live in the factory room and sleep on the tables which are used for work in the daytime. They receive 20 coppers a day plus their food, and work practically every day in the year. That is to say, industrial conditions are exactly the same as in the plains.

We were unable to discover just what the output of the factory we investigated was and how much an individual laborer can do. We were much impressed by the rapidity with which they worked and by the large amounts of the incense stored in the final stock rooms, which were also drying rooms. The factories we saw were making the thick type that is familiar in America, not the thin varieties used in the temples, but we were assured that the ingredients are exactly the same.

GEORGE H. DANTON.

Dredger for Siberian Gold Mine

Not all cargo of U.S. transports sailing to Siberian ports is war-munitions for they are bringing also the largest chain-bucket dredge that ever has been built. It is destined for the Lena gold fields of Siberia. The big machine, constructed on orders that probably emanated from the late Czar of Russia, is now nearing completion in Beardstown, Ills., U.S.A. Its size, and the remoteness of the region to which it is bound, make the problem of transportation a considerable one. More than a year will be required in delivering it to a point some distance from the mouth of the Vitim River, where it is to be used.

The digger is equipped with 17-cubic-ft. buckets that will give it an estimated output of 310,000 cubic yards a month. It is designed to work to a depth of 80-ft. below the surface of the water on which it floats. Its power installation is electrical and has a rating of 1,350 horse-power. The machine is of a type that has become very widely used in placer mining during the last 18 years.

About 80 freight cars are to be used in conveying the equipment to a Pacific port, from which it will be shipped to Vladivostok on board of United States Army transports. From here it will be taken by the Trans-Siberian railway to Irkutsk.

During the winter months the next leg of the journey, should conditions be favorable, will end at Kachugie, a small station 170 miles distant on the Lena River, and will be undertaken with sleighs drawn by oxen and Manchurian ponies. Shallow-draft barges, man propelled, will then be employed for more than 1,000 miles in reaching a point known as Bodibo on the Vitim River, some distance from the mouth.

The last 15 miles will be traversed by rail. This will entail the construction of a narrow-gauge line to the gold fields.

The American capital involved which is said to exceed more than five million gold dollars is believed to be furnished by the Marcus A. Daly estate and the region to be worked is believed, according to reports from expert placer miners, to exceed even the deposits of the far famed sea sand of Nome, Alaska.

According to official statistics just published, the population of Japan is estimated at approximately 58,000,000, distributed into 10,241,851 dwellings. This indicates an increase of approximately 800,000 over the preceding year. It is interesting to note that no real census has been taken in Japan. A census was authorized in 1905, but could not be carried out because of the war with Russia. A census is now planned for September 30, 1920.

American Import Regulations

Directed Against Pacific Shipping

(Contributed)

The American import regulations which came into effect on April 15th, 1918, and others subsequent thereto will seriously affect China's foreign trade, for the principal object of the restrictions is avowedly to force the shipping interests to remove their vessels from the Pacific to the Atlantic, while it has also been claimed by some of the Government officials that they are also endeavoring to restore the balance of trade in their favor. This idea is specially operative against China, the argument being that last year America bought from China goods worth \$80,000,000 more than she sold there.

It can be contended, however, that the import restrictions in their present form cannot have the desired effect, so far as the shipping is concerned; and that they carry in them results detrimental to the broadest interests of America: while on the other hand the apparently adverse tradal balance, so far from being an unmitigated evil, represents in fact a condition of affairs, which, if removed, will be to the disadvantage of the Allies generally, both immediately and in the post-bellum period.

The claim that the import restrictions will force shipping from the Pacific to the Atlantic is vitiated by the fact that America is not only continuing to export very many classes of goods to the East, but has the avowed intention of granting the necessary export licenses more freely in the future than has been the practice in the past. To carry this outward cargo a very considerable tonnage of shipping is required, and so long as there is cargo to be carried across the Pacific, even if the bulk is moving only in one direction, so long will the freighters operate. It must, however, be borne in mind that if imports are restricted to the extent which is the avowed ultimate aim of the American Government, the steamers will be making their return voyages, if not empty, certainly only very partially filled. To operate any vessel these days, unless for unavoidable reasons, but partially filled is an economic waste, nay more it is almost a criminal offence: and in the case under consideration it will only mean, that the cargo outgoing from America will be made to bear a freight rate sufficiently high to reimburse the shipowners for the profits which they will lose through inability to secure full cargoes for the return journey.

The evil results of outward cargo carrying such excessive freights are not limited to the ultimate consumer having to pay more than he should fairly be charged, but are cumulative in their action, and in turn place American export cargo at a disadvantage in comparison with equivalent lines whenever a similar or substitutable article is manufactured either in the country to which the American cargo is consigned, or when any other country is a competitor for the same market.

Let us take an actual case. Japan is now producing considerable quantities of steel, not sufficient for her own needs, but still very appreciable amounts, and it so happens that her existing rolling mills are mostly suitable for the production of merchant steel rather than ship building supplies. The price secured in Japan by these mills for their various products are controlled almost entirely by the prices of the imported material from America. Thus in the first instance they have a decided advantage, which is directly translatable into profits arising from the freight rates borne by the American steel: and, secondly, when the imported article is bearing an excess freight rate as reimbursement for the lack of return cargo, these profits will again be increased by a proportional amount. These profits in the long run will naturally be available to assist them in competing in the Eastern steel market, when their steel capacity will have increased, and their internal demands decreased—and this at a time, when, after the war, American business will be striving its hardest to meet the competition of all comers.

Exact figures cannot be given, as the freight market is always changing, and rolling costs in Japan are not known, but an allowance for excess profits of \$20 per ton under present conditions and an increase of \$15, if the import restrictions go the limit, does not seem excessive. These give a total of \$35 per ton, or more than the selling price C.I.F. Eastern ports at pre-war prices.

From this point of view alone, therefore, it is primarily in the interests of America as a country that imports of equivalent tonnage to the exports which she sends out should be permitted. Even with this amount of imported goods there would still be ample margin to cut out the trade in real luxuries altogether. There is, of course, always the question of what constitutes a luxury, but the application of the rule "that it is something which serves no useful end, or which can be dispensed with without the bulk of the population suffering a deprivation harmful to their physical well being," would give the desired result.

The second argument brought forward in favor of heavily restricted imports is that of "Tradal Balance." For years this has been discussed theoretically, without any decision having been arrived at, as to whether an adverse trade balance has or has not any real detrimental effect on a nation's prosperity. Neglecting this view point, the question of balance of trade cannot be considered without taking into consideration the probability of the debtor nation, as far as the trading balance is concerned, being a creditor when other sources of revenue are considered.

The United States of America by force of circumstances has become a creditor instead of debtor nation so far as the European nations are concerned: and can, therefore, rightly be considered as having acquired the title to the investments of these nations in other parts of the world. So that it is fair to regard the money lent by the allied nations to China as now being a credit of America. An investigation of the outstanding Chinese loans, as shown in the China Year Book, will show that eliminating loans in which Germany or Austria participated in any manner, China for outstanding War Loans, Boxer Indemnities, Railway Loans, and sundry loans had outstanding in 1915 in round figures G.\$544,000,000. The interest charges on this amount payable by the Chinese Government, and in due course finding its way into American coffers will amount to some 36 per cent. of the tradal disadvantage as claimed for the year 1917.

It is interesting to compare the tradal balance with China as issued from American sources with those published by the Maritime Customs in China, which by the way are under European control. It will then be found that with the exception of the years 1910 and 1913, from the Chinese point the tradal balances were heavily in America's favor. Part of the differences may be accounted for by customs valuations, but we think that the main difference is that each country in figuring its exports does so at F.O.B. values, while it takes its imports at C.I.F. prices, the difference representing freights, insurance, and export duties where assessed.

Remembering the enormous freight rates which are being charged now, and considering that American exports are largely on lines where the freightage charges form an undue proportion of the value of the article, it is fairly obvious that the tradal balance shown against China does not mean that the mutual accounts between the two countries differ by that figure, but that the nation that is carrying the goods is absorbing the difference to a great measure and is getting rich at the expense of both.

The principle objection to a policy of general restriction of imports from China is an economic one: and as we will endeavor to show is so vital as to far outweigh any other consideration

whatsoever. While conceding the wisdom of stopping entirely the imports of luxuries, we must explain that the major proportion of China's export business is not in luxuries, but in raw and semi-raw materials. Considered in the broadest sense, there are only two classes of raw materials, viz., vegetable products that grow wild, and minerals as they lie in the ground. Immediately you commence to handle either of these they cease to be raw; and their value at any time from the moment when labor is first applied to them until they take their final position as a food product on the meal table, or as a part of some vessel, machine gun, or ammunition, is determined entirely by the amount of labor which has been expended upon them up to that time. Agricultural products never come into the raw material class at all, as before they even commence to grow labor has been expended in tilling the soil, sowing, etc., and every agriculturalist is able to give the cost of producing a bushel of wheat in different places, with and without machinery, and with or without fertiliser.

Accepting the obvious fact that all materials usually designated as "raw" represent labor in a greater or lesser percentage, and applying the axiom that it is by labor that the war is to be won, it is obviously to the advantage of America when drawing on China for supplies to eke out recognized shortages, to select such articles as will represent the greatest saving to America of American labor.

There are very many lines which can be supplied from China for which America has a crying need: and of these a lot have before shipment undergone hand processes for cleaning, grading, sorting, and the like, where the nature of the material is such that machine operations are out of consideration.

It is common on such articles for the percentage of delivered America costs to run within the following limitations:—

- Raw stock as bought up country, unclean, ungraded, etc., 35 per cent. to 60 per cent.
- Native labor charges for bringing material to desired marketable condition, 22 per cent. to 51 per cent.
- Local transportation and internal taxes 6 per cent. to 10 per cent.
- Export duties, freight and insurance, 10 per cent. to 16 per cent.

For the purpose of comparison let us take an article within the extremes to which the following percentages are applicable:—

- Raw material, 40 per cent.
- Native labor, 36 per cent.
- Local transportation charges, 8 per cent.
- Ocean freight duty, etc., 16 per cent.

Then for every \$100 paid for an article of this class delivered C.I.F. New York, \$36 represents the amount expended in native labor in China.

A first class rough laborer in China does not earn over 25 cents silver per day, equivalent at present exchange to about 18 cents American currency. At this rate our \$36 represents the labor of one man for 200 days, while if you had expended the same amount of money in America you would have secured 12 days labor. Moreover the nature of the hand work is generally such that few American citizens would care to undertake it at all. But supposing that you could get men to do such disagreeable work, and the initial raw material as delivered to them only cost the same, your products would have cost you:—

Raw Material	\$ 40
200 days labor at \$3	\$600

or a total of \$640 as you would have saved all transportation charges. It might be argued that the American workmen would work faster. They might, but against this is the longer hours and the fact that a proportion of the native labor employed would be women who cost less than the amount we have allowed.

In short, to pander to a theoretical trade disadvantage which has still to be proved to exist, you have misused labor, incurred an actual loss of \$540 and have received no equivalent gain: and more important still would have sacrificed 182 days of labor in America which could have been employed in producing essentials for winning the war if employed in work which cannot possibly be undertaken in China, even if they were trying to help to the common end by undertaking actual manufacturing.

The other main class of imports from China is that of materials mostly vegetable in origin which are desirable from the point of view of being necessities and of which America is not producing enough to satisfy the present demands: and unless the import of these is continued, their shortage would naturally lead to a rise in price in corresponding or equivalent articles in America. It is the few who would benefit by such a rise and not the population as a whole.

No one needs to be reminded that we are engaged in war, but it must be insisted upon that the successful prosecution of the war depends upon utilizing the resources of the world to the utmost. China cannot help in men or munitions but it can help in supplying what semi-raw materials the world can consume: and for America to cut off the supplies of these goods appears rather like cutting off one's nose to spite one's face.

After all, with Great Britain spending \$35,000,000 per day, and America's own expenditures fast reaching the same amount, the total trade balance, which apparently is such a factor in some minds, does not amount to more than about 12 hours' expenditure of the allied nations in the cause for which they are fighting. A survey of worldwide trade conditions since the year 1914 with especial reference to the \$80,000,000 unfavorable trade balance of America toward China cannot but lead one to draw certain conclusions, which, arrived at in a country far from the war turmoil and its attendant temptation to arrive at snap judgements, may be viewed as being at least as worthy of consideration as the recent attitude taken by the U.S. Government towards its Eastern trade. From one who has lived in China and watched the development of its American exports this sudden jump from a favorable balance of \$14,684,244 in 1914 to a round \$80,000,000 in 1917 but one answer can be given to the question "why." Before the war, the United States had a tremendous trade with Germany. This trade consisted largely in importing manufactured products the raw materials for which in certain lines were in turn imported by Germany largely from the East. Germany's exports from China were large and continually increasing. German labor is cheaper than American labor, even at peace time wages, and it was, therefore, to the momentary advantage of the United States to buy in German markets, even to the extent of buying German manufactured American raw products. The war cut this market off from the world. America still required the myriad of goods she had been importing from Germany. She was unable to go into the British and French markets on a large scale as they were occupied in war munitions work. The only thing left was to import raw materials from wherever she could and manufacture her own requirements, and this is what actually happened, the widely heralded dye industry being one of the more notable examples. Over practically the whole range of China goods the example holds. Wherever we have a sudden increase in American imports of Chinese products we find that they are in nearly every instance, products in which German firms in China have been specializing; for instance, strawbraid, bristles, sausage casings, hair of all kinds, wool, hides, skins, furs. With the foregoing facts in mind it is difficult to understand how even a casual observer can see any disadvantage accruing to America. At the present time America is importing Oriental goods in a raw or semi-raw state, manufacturing them with her own labor, thereby increasing her own wealth, and diverting to an allied nation a certain surplus which in pre-war days went into the German war chest. To cut off this supply of Eastern materials cannot but paralyse infant American industries or at least cripple them to an extent where they will be an easy prey for the first competitor on the field as soon as the war is over, a competitor who will find a market denuded of his lines of goods with but a feeble available supply of home-made products. Those who know China do not need to be told that the Germans have been able to retain their interests and connections here, and have even a finger in the political pie notwithstanding that China is nominally at war with Germany. The German community in China is liberally supplied with funds which are utilized in German propaganda. Germans have an eye on the post-bellum trade in China, recognizing that it will be difficult to start trade relations with the active countries of the allies.

Our Chinese friends are firm believers in the idea of "Being shown," and it is of little use to tell them that Germany is being

beaten, while at the same time we are not trading with them, especially on such lines as received special attention at the hands of German hands prior to the war. It is universally recognized that the Chinese in tradal affairs are one of the most conservative races: Once connections are established the connection by mere inertia will carry itself along unless some special effort alters its course. Now consider where this conservative idea is leading. The Germans had a most extensive trade with China, and if we do not operate during the interim when the German market is closed, the Germans will when the war ends be on the same footing as the allies and able to take up their tradal connections where they were left off. But conversely, if this period be utilized wisely to foster trade with China, we shall automatically take over the trade hitherto done by Germans, and establish normal lines of trading by which the Chinese merchants will tend more and more to gravitate towards allied merchants.

It thus becomes a patriotic action to give those merchants in China who are really the outposts of the allied nations a chance to do their little against "The World Dominion Idea" by rooting out the German trade connections and establishing in their stead those of the Allies.

As far as import restrictions will help to win the war, then let there be restrictions, but do not let us be led away by any purely theoretical considerations, applied to only one side of the question; or the idea that in restricting imports to the uttermost we have a universal panacea for our troubles in shipping or anything else. Let us see to it that all luxuries are restricted first, and let us, when endeavoring to keep down imports to the level of export tonnage, do so with a clear knowledge of where each restriction will lead us; and not let our views be clouded by the opinion of some small group, whose primary idea is non-interference with their particular industries rather than the main object which all should have in view, namely, that the welfare of the world requires that we use every tool available and the services of every man, irrespective of his color until such time as Germany has been taught that Might is not Right, and that evil will ultimately lead to its own destruction.

The appended tables will illustrate the foregoing arguments:

CHINESE TRADE WITH AMERICA IN HAIKWAN TAEELS.*

Year	Imports from America	Exports to America	Balance
1904	29,180,946	27,987,975	+ 2,092,971
1905	76,916,838	27,030,772	+49,886,066
1906	44,436,209	25,671,428	+18,764,771
1907	38,903,476	26,597,660	+10,305,816
1908	41,245,704	23,824,059	+17,421,645
1909	32,606,549	32,446,245	+ 160,304
1910	24,799,494	32,288,831	- 7,489,337
1911	40,822,853	33,965,679	+ 6,857,224
1912	36,197,671	35,049,902	+ 1,147,769
1913	35,427,198	37,650,301	- 2,223,103

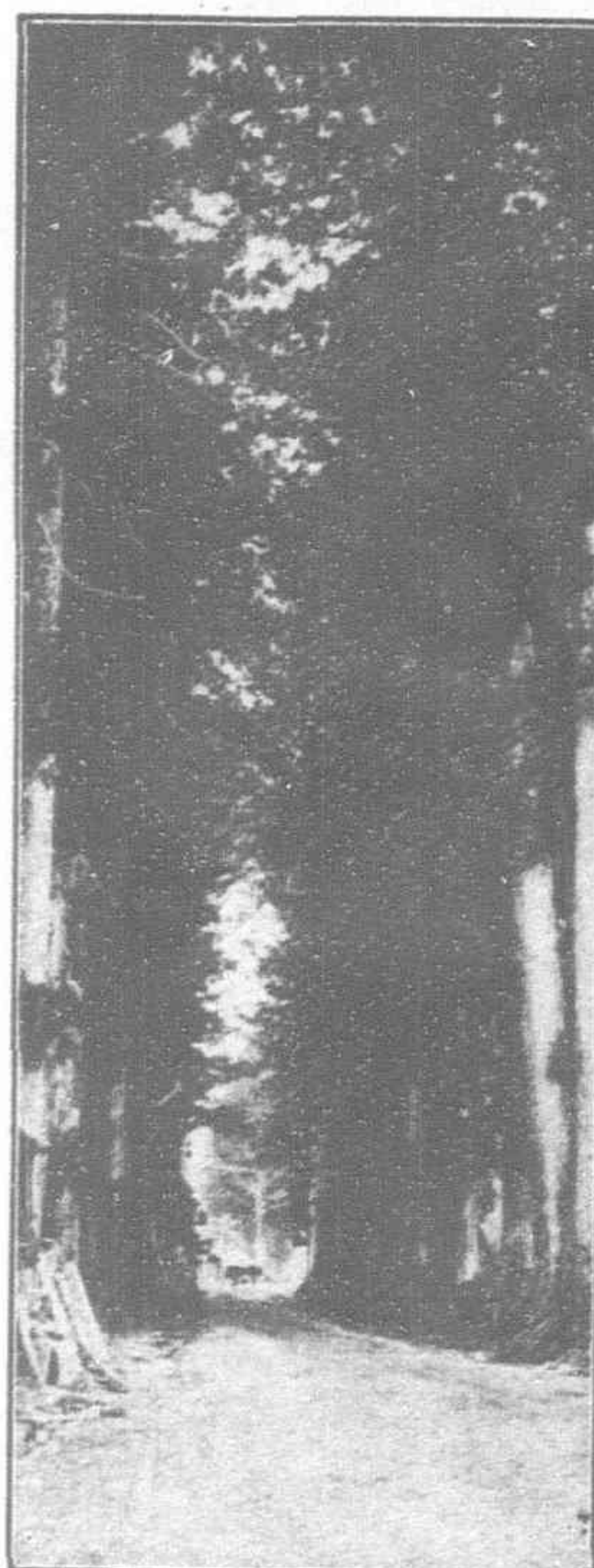
— Shows excess of exports to America.

* From Chinese Maritime Customs Returns.

BALANCE OF TRADE BETWEEN AMERICA AND CHINA

1903	G.\$ - 7,750,683	
1904	-16,482,649	
1905	+25,568,867	American exports in excess
1906	-15,243,168	" " " "
1907	- 7,732,010	
1908	- 3,677,265	
1909	- 9,378,699	
1910	-13,669,758	
1911	-14,939,667	
1912	- 5,212,533	
1913	-17,683,966	
1914	-14,684,244	
1915	-23,653,664	
1916	-46,047,027	
1917	-80,000,000	(alleged) actual figures not yet seen by writer; minus is against America.

Flotation Oil from CRYPTOMERIA Leaves



CRYPTOMERIAS AT NIKKO

SINCE flotation oil has been employed successfully in the mining industry. Japanese mine operators have been very anxious to find suitable flotation oil for use in Japan to replace the old method of treatment. In view of this desire, Japanese chemical experts have been busy trying to discover oil which will suit the purpose.

It was recently announced by Dr. Shosaburo Mimura, of the Japanese Government Forestry Experiment Station, that a discovery which was made last year in Japan of an oil extracted from the leaves of the sugi (*Cryptomeria japonica* don of Japan, and running *ghamia sinensis*, R. Br. of China), has proved to be a success. Dr. Mimura was interviewed by the Japan representative of the FAR EASTERN REVIEW at the station in Meguro, a suburb of Tokyo. He told, by way of introduction, how it came about that the flotation oil in question had been discovered. "Two things have come together to produce the result as reported in the press," he said. "As far as we were concerned, we had been experimenting to produce resin, turpentine oil, and colophony, because these articles of late years have not been imported in sufficient quantities to meet the demand here on account of the restrictions placed on exportation in America. We did not bother ourselves at first about flotation oil. Colophony, as you may

know, is used for paper manufacturing and for printing purposes. It is taken from resin after turpentine oil has been extracted. While we have been making this experiment, the demand for an oil for flotation purposes has caused the experiment to be co-ordinated with that of discovering such suitable oil."

Dr. Mimura further explained that the method of metal separation by washing ores with water, which has been employed up to date, was defective in that much of the precious metal escaped down the valleys and rivers to the sea. Several years ago the mining experts of the world discovered the method of flotation. Turpentine oil has been used in America, whereas in Australia eucalyptus oil has been employed. These oils are mixed with the mud of ores and stirred up so as to make the mud look like soap bubbles. In that way dust metal attaches to the oil and floats on the surface. By this method as much as 85 per cent, or even 90 per cent, of such dust metal can be gathered. This was a great discovery which relieved mining circles of the world of much anxiety as to the loss of precious metal.

Turpentine oil and eucalyptus oil are ideal for flotation purposes. But they are too expensive to be used in Japan. Meanwhile, Akita prefecture, which is a great producing district of sugi (*Cryptomeria japonica*) has been vexed with the problem of getting rid of the leaves of the sugi. If they are left in the forests after the timber has been felled, they are in the way. When they become dry they are liable to cause forest fires. To remove them would mean a great deal of expenses for cartage. Dr. Uchida for many years, even before the war, has been making studies to discover how profitably to use these leaves. He came to the conclusion that perfumes can be manufactured out of the essence, but he had not gone as far as to extract flotation oil from them. When Mr. S. Takei was sent to Akita prefecture as the chief of the Akita bureau of forest control, he was struck with the idea that flotation oil could be extracted from sugi leaves. Co-operating with the agricultural experiment station as well as with the forestry bureau, he continued his investigations and at last succeeded in obtaining ideal flotation oil from sugi leaves by distillation. This oil has been experimented with by the Arakawa copper mine, in Akita prefecture, quite close to the forestry bureau, owned by the Mitsui Co. The experiment has been carried on quite secretly for some time. But the Akita bureau of forest control reported the discovery to the Department of Agriculture and Commerce and the report was published in the official forestry Gazette. It attracted the attention of business men throughout Japan, and a certain big company in Tokyo offered to buy 1,000 *koku* annually.

A drawback of the flotation oil extracted from sugi leaves is the high cost of production and the limited resources of raw material. At present it is produced at the rate of 10 yen per *to* (to equals 1,985 peck). Out of 25 *kwan* (*kwan* equals lb. 8,267 avoirdupois) of sugi leaves only 4 *go* (*go* equals 0.019 pack) can be secured. To transport so great an amount of sugi leaves to produce so little oil is a rather expensive undertaking. But when the Government-owned forests are cut down in Akita prefecture, the bureau of forest control expects to conduct the oil manufacturing industry on a

big scale. When this industry is pursued in the sugi growing districts throughout the country, it is understood that 1,000 *koku* can be produced annually without much difficulty.

Dr. Uchida, in his official report, stated that an experiment made to extract oil from sugi leaves gathered on the premises of the Forestry Experiment Station in Meguro showed that about 70 per cent. of naphtha could be obtained from the raw material. For that experiment, Dr. Uchida took 23 *kwan* and 300 *momme* (87.4 kilogramme) of sugi leaves, which were divided into several quantities. These were put in several instalments in a distilling tank, in which they were steamed, and naphtha was extracted to the quantity in all of 163 *momme* (612 grammes), thus proving the ratio of naphtha contained or obtainable to be about 70 per cent. The time required for the process was 13 hours. But the time, as was explained afterwards by Dr. Uchida, can be shortened if the experiment is put into practical use and reduced to a commercial basis. Dr. Uchida made another experiment in which only about six hours were spent and on the average obtained 45.7 per cent. of the oil contained in the raw material.

In Akita prefecture other experiments are being made this year. Already a method has been discovered to extract resin from standing timber without injuring the quality of the timber. When that method is perfected, turpentine oil and also colophony will be produced in great quantities. Dr. Mimura said that one drawback in the industry of extracting resin or flotation oil is that it cannot be conducted on a very extensive scale. Farmers should be encouraged to conduct the industry as a side line.

Dr. Mimura, apart from the question of flotation oil, told the interviewer something about other experiments which have been conducted in the forestry experiment station. For instance, an experiment has been made successfully to creosote standing timber a week or two before it is felled. Hitherto creosoting has been done after the timber was felled. The new method, according to Dr. Mimura, will be much more thoroughgoing and effective than the former method. He conducted the interviewer through the establishments to show the samples of the work done, and to the woods where standing timber was perforated about 5 feet from the ground at several points, so that the holes thus made in the trunk could communicate with each other. All other openings outside were corked except one in which a glass tube was stuck, leading by means of a rubber tube to a glass tank of considerable size, which was hung on the timber and in which creosote was kept. As the tree draws water from the roots, especially in this season of the year, it draws creosote also through the holes made in the trunk. Dr. Mimura also showed how the inside of the trees can be coloured with different colour effects by a similar process, and he exhibited samples of the work done. When these experiments are completed and generally employed it is expected that there will be a great improvement made in the construction work done in Japan.

Nippon Electric Company Employees Strike

Workmen, clerks and low-class engineers, numbering about 700, of the Nippon Electric Company of Tokyo, in which the Western Electric Company of America is interested, struck for higher wages and salaries on September 13.

Because of the high cost of living, the company has been giving its employees extra pay of 11 sen per day for married men and 7 sen for single ones since August 16. About 100 of the clerks and low-class engineers were not satisfied with that arrangement. In the morning of September 12, they held a consultation and secured the co-operation of 600 workmen in demanding a raise of wages and salaries by 50 per cent. for permanent workers and 30 per cent. for temporary employees. The management promised to reply on September 16. As the employees gave the time limit as noon of September 13 and no reply came at that hour, the strike followed. The employees left the plant upon the signal of the noon whistle and marched out in an orderly manner, leaving the machines in proper condition.

Should the strike continue for any length of time it is feared that the Japanese Government order for telephone instruments may not be properly executed.

Foreigners in Kwantung Peninsula and Manchuria

There are 120,160 Japanese residents in Kwantung Peninsula and Manchuria, according to an investigation made in 1917, 64,361 of whom are males and 55,795 females—that is 86 females for 100 males. The Japanese are more numerous in South Manchuria.

As for other foreigners, there are 71,000 Chinese (no explanation given), 106,943 Russians, 449 English, 30 Germans, 83 French, 98 Americans, 34 Austro-Hungarians, 3 Italians, 2 Portuguese, 4 Hollanders, 22 Danes, 9 Swedes, 1 Norwegian, 2 Belgians, 19 Turks, and 99 Greeks.

Sammons on Trade in China

Thomas Sammons, American Consul-General at Shanghai, who is now visiting in America, recently addressed the China Commerce Club of San Francisco as follows: "We now have 216 American firms in China. Our trade interests warrant a larger number, particularly in the interior points. British traders, with a slight falling off of their population in China, due to the war, have increased the number of their firms to 655. But there are 7,000 foreign firms in China, an increase of 2,350 over 1916. Russia increased its number in 1917 by about 1,500 and Japan by 1,000, the number credited to those countries being now 2,900 and 2,800 respectively.

"At Shanghai the Japanese have many powerful commercial houses and the Russian bank building there is among the most imposing structures in the Far East. In banks, as well as in commercial houses, generally, Japan is advancing rapidly at Shanghai, having about as many banking institutions there as all other foreigners combined.

"Japan's population is also advancing in China, the increase for 1917 being 40,000. Russia lost 5,000, and the British population fell off slightly, while the number of Americans increased. We now have less than 6,000 in all China, however; the British number about 8,500, while Japan leads with 144,000 and Russia has 51,000. In all, there are only approximately 220,000 foreigners in China.

"China's foreign trade is largely divided between Japan, \$347,000,000; Hongkong, \$277,000,000; the United States, \$153,000,000; and the United Kingdom, British India and Canada, \$125,000,000. That leaves little for all other countries. Japan has about one-third of China's foreign trade, and we have upwards of 15 per cent. Japan is steadily increasing its trade in China, and so are we. England is falling back slightly in direct trade as the war continues, but British business men are showing unusual activities and the British port of Hongkong shows commercial advances. The Japanese, British and Americans largely control China's foreign trade. And the former are extensively utilizing Kobe as a transshipping port, while the British make more and more use of Hongkong for such purposes. Shanghai is transshipping huge quantities of supplies and Manila has exceptional advantages for purposes of this kind.

"Ships have been scarce and freight rates high, but American tonnage is again on the increase, and entrances and clearances amounted to \$1,125,000 for 1917. Japan has increased to over 24,000,000 tons, although Great Britain still leads with 34,000,000. Most of this tonnage comprises coasters or river steamers.

"We sell to China 66 per cent. of motor cars imported, 62 per cent. of leaf tobacco, 57 per cent. of kerosene, 47 per cent. of nails, 42 per cent. of tinned plate and 38 per cent. of steel plate. Canned goods are in demand.

"Last year China sold us \$33,000,000 worth of raw silk; \$32,000,000 of hides, skins and furs; \$27,000,000 in oils, chiefly soya bean oil; \$15,000,000 in wool. In all about 20 per cent. of China's exports come to the United States, China buying about 11 per cent. of its imports from the United States."

Japan's Problem of War Time Exchange

In view of the scarcity of capital for foreign exchange transactions, the Japanese Government on September 15 appointed a committee to investigate the problem with the view to improving the situation. The Vice-Minister of Finance, Mr. O. Ichiki, several other high officials of the Finance Department, presidents and vice-presidents of various leading Banks, business men of prominence, and lesser officials as secretaries, have been appointed to serve on the committee.

The reason officially given for appointing the committee, briefly summarized, is that the Japanese Government wishes to make efforts to relieve the financial situation caused by the increase of exports over imports, the amount due to Japan from foreign countries having enormously increased. In the holding of the Yokohama Specie Bank alone, the amount of exchange drafts bought already figures several hundred millions. Other banks are likewise suffering from lack of ready capital to meet the increasing demand. The exchange rate went up several times, until it stood at \$51½ (American) to Yen 100 on September 15. Naturally this condition was detrimental to the development of foreign export trade and exchange transactions.

A sort of speculative character has come to be attached to the business, so that it was feared that financial unrest may visit Japan. Hitherto treasury certificates had been issued as a temporary relief measure, followed by other devices, to contract the currency. But further study of the problem is necessary in order to devise more effective measures, etc.

New Japanese Railways in Manchuria and Shantung

Chinese Ignore the Chinchow-Aigun Railway Agreement Rights held by America

On October 10 the Industrial Bank of Japan announced the issue of a new loan of Yen 50,000,000 at 5.5 per cent., and discounted at 94.5 per cent., "to cover the new investment made by the bank in China in the form of four railways in Mongolia and Manchuria and two others in Shantung and Kiangsu." The loan was open for subscription between October 19 and 23. The payment of interest and principal is guaranteed by the Japanese Government. According to the official statement, reproduced by the "Japan Advertiser" of October 11, "The proceeds of the loan will be employed in refunding the temporary loan made to the amount of Yen 40,000,000 from the Imperial Treasury and the Bank of Japan for the advance of that amount to China as part of the loans contracted for."

This announcement should set at rest any doubts as to the reasons prompting the signature at this time of agreements which could have waited a more propitious period in the affairs of the world. "The temporary loan to the amount of Yen 40,000,000" was secured, of course, by the military coterie functioning as a "government" at Peking, and in order to obtain that amount of money with which to carry on they would be ready enough to sign any agreement, forgetful, probably, of any other obligations which may or may not attach, and caring very little about them even if they happened to remember. There is an obligation with regard to any railway contemplated between Chinchow, or any point thereabouts, and Aigun, via Taonan and Tsitsihar, to which the Chinese Government must sooner or later give attention—and that obligation is with the American Government. If America chooses to exercise its undoubted rights connected with the old Chinchow-Aigun Railway Agreement, which have been reserved, then the Chinese Government will be placed in an embarrassing position *vis-à-vis* both Japan and Russia.

On October 2, 1909, the Viceroy of Manchuria, Hsi Liang, signed a preliminary agreement with American financiers (Messrs. Kuhn, Loeb & Co.) for a loan to construct a railway from Chinchow to Aigun, and on January 21, 1910, the contract was approved by an Imperial Edict. By April, 1910, negotiations with regard to a detailed final agreement were concluded, but signature of the Viceroy was suspended owing to vigorous protests by Japan and Russia against the consummation of the agreement, though the Viceroy confirmed the conditions of the agreement. Briefly stated the protests of Japan and Russia were based on a joint arrangement to denounce the project as "a deep-laid plan for attacking Russian territories in Eastern Siberia and Russia's 'special interests' in Mongolia and Manchuria;" the joint protest lodged with the Chinese Foreign Office against the scheme being based on "considerations of political and strategical expediency."

Without going into the details of the political considerations which weighed at that period; the stir created by the attempted neutralization of Manchurian railways under the scheme of Mr. Knox, the American Secretary of State, etc., it may be stated that the American Government at that time decided to allow the agreement to remain in abeyance. The objection to the proposal most emphasized on that occasion by Japanese publicists was that the projected railway would parallel the South Manchuria line and, therefore, was not necessary. Whether that argument was a good one or not, or was merely in accord with the common Japanese expression, *rumei mujitsu* (nominally so; but not really so), need not be discussed in view of the fact that the Japanese have now secured from China an agreement permitting them to build a line over what would have been the southern section of the railway originally condemned.

On October 5, 1913, the following agreement in the shape of a letter was secured by the Japanese Legation, and upon this the Shihpingkai agreement, and the recent final agreement calling for the loan mentioned at the opening of this article were based:

SIR,—The question of Chinese railway loans has often been raised by you and discussed many times. A plan has now been decided upon, which is communicated to you herewith:

General Provisional Railway Loan Agreement.

- (1) The Government of the Chinese Republic agrees to make a loan from Japanese capitalists for the construction of the following railways:
 - (a) From Shihpingkai, via Chengchiatun, to Taonanfu.
 - (b) From Kaiyuan to Hailungcheng.
 - (c) From the Changchun station of the Kirin-Changchun Railway, across the South Manchuria Railway line, to Taonanfu.

The lines referred to above will connect with the South Manchuria Railway and the Peking-Mukden Railway Arrangements therefor will be drawn up separately.

- (2) The detailed arrangements in regard to the loans mentioned above will be modelled on the Pukow-Sinyang Railway Loan Agreement. After this general agreement has been drawn up the Chinese Government will, as soon as possible, come to agreements with Japanese capitalists.
- (3) The Chinese Government agrees that if in future railways are to be built from the city of Taonanfu to the city of Chengtehfu and from Hailungfu to the city of Kirin, that if it is proposed to borrow foreign capital, negotiations will first be entered into with Japanese capitalists."

When it became known that the above undertaking had been entered into by the Chinese Government the American Legation reminded that Government of the American rights in the Chinchow-Aigun agreement, the stipulations of the agreement with Japan clearly tending to nullify the terms of the American agreement. Oblivious of this argument, and entirely ignoring the claims of America, the Peking Government signed away the northern section of the Chinchow-Aigun project on March 27, 1916, when an agreement* was entered into with the Russo-Asiatic Bank for a loan to build a railway between Tsitsihar and Aigun, with a branch from Mergen to Harbin.

This agreement calls for a loan of Roubles 50,000,000 and any additional amount which might be required to complete the project, the loan to be floated when financial conditions may permit after the war, and in whatever markets the Russo-Asiatic Bank may deem money to be available.

Again the American Legation reminded the Chinese of the Chinchow-Aigun agreement, and again the Chinese Government displayed the abounding friendship it entertains for America and the deep appreciation it feels for what America has done for the country, by ignoring the references for when the Japanese decided that the territory west of the South Manchuria Railway perhaps could stand a little development the Chinese signed the final agreement for the construction of a line from Shihpingkai to Chengchiatun, the first section of the projected line from Shihpingkai to Taonanfu, mentioned as (a) in the above agreement. The negotiations were opened in July, 1915, and after about twenty-three formal meetings and many informal ones, the agreement was signed on December 29, 1915. In addition to the formal agreement a supplementary agreement was also signed, while some eighteen written notes were exchanged mutually. The agreement was published by the REVIEW†, but the notes have been kept secret, so what they contain can only be surmised. That agreement stipulated for a loan of Yen 5,000,000 at 5 per cent. interest, secured on the railway, and to be used exclusively for the construction of the railway. The financiers were the Yokohama Specie Bank, but though Article 20 stipulates that if

*See FAR EASTERN REVIEW, April, 1916.

†See FAR EASTERN REVIEW, May, 1917, page 472.

foreign money is used for any extension of the line it shall be provided by the Yokohama Specie Bank the new agreement for the extension has been signed by a different group, excluding the Specie Bank, in accordance with the change in arrangements for financing in Manchuria and Mongolia as previously published.

In due course construction work was proceeded with and that line—some 53 miles in length—is now in operation, and is reported to be a valuable feeder to the South Manchuria Railway. Notwithstanding the contentions advanced at the time of the proposal to build the Chinchow-Aigun Railway that such a line was not required because the character of the country traversed did not warrant railway connection a different story was told when it was regarded as expedient to push ahead with the system embodied in the above short agreement. It was pointed out that the lines were justified and necessary to open up the neglected lands of Eastern Mongolia, which, from an agricultural point of view included a vast area of arable country already under cultivation and producing "an immense quantity of produce like beans, kaoliang, millet, etc., as well as live stock such as cattle, horses, sheep (hides, skins, hair, etc.) and soda and minerals.

In consequence of this, but undoubtedly inspired principally by the desire for further money to carry on its "war" with the South, the military coterie in Peking, still disreputable of the American intimations on the subject, concluded an agreement at the end of September for loans to construct "four" railways in Manchuria and Mongolia and "two" in Shantung Province—the lines embraced in the loan referred to in the opening paragraph of this article.

The Manchuria-Mongolia Lines

In its official statement given out on October 1 the Imperial Japanese Government announced, according to the "Japan Advertiser," that it had arranged "the following loans with the Chinese Government, prior to the resignation of the Terauchi Cabinet," in addition to one for the establishment of a National Iron Works in China, referred to elsewhere:—

- (1) Four railway loans in Manchuria and Mongolia. An agreement was made several years ago between the Imperial and the Chinese Government that the latter would borrow the necessary capital from Japan in case the so-called five railways in Manchuria and Mongolia were to be constructed.

The work on one of these five railways between Shihpingkai and Chengchiatun has been started by the Chinese Government with capital furnished by Japan and the loans for the remaining four railways have been recently agreed upon. These railways are:

- (a) From Taonan-fu to Jehol.
- (b) From Changchun to Taonan-fu.
- (c) From Kirin to Kaiyuan via Hailung.
- (d) From a point on the Taonanfu-Jehol Railway to a seaport.

These lines total more than one thousand miles altogether costing, it is estimated, about ¥150,000,000. The Chinese Government is expected to use a Gold Loan which will be subscribed entirely by the Japanese Bankers' Syndicate. The syndicate will furnish ¥20,000,000 to China as an advance loan, forming part of the Gold Loan proper.

- (2) The Tsinan-fu and the Kaomi Railway Loans. As a result of the existing desire on the part of the Imperial Government to reach an understanding with the Chinese Government on the question of railways in Shantung Province and repeated discussions between the two governments, the following railway loans have been lately agreed upon:

- (a) From Tsinan-fu, Shantung Province, to Shunteh, Chihli Province.
- (b) From Kaomi, Shantung Province, to Hsuehchow, Kiangsu Province.

The amount of ¥20,000,000 will be furnished to the Chinese Government by the Japanese syndicate as an advance loan. In case investigations show that these proposed railways would be unprofitable from a business point of view, different lines will be substituted by agreement of both parties. The proposed lines extend over about 460 miles altogether and will

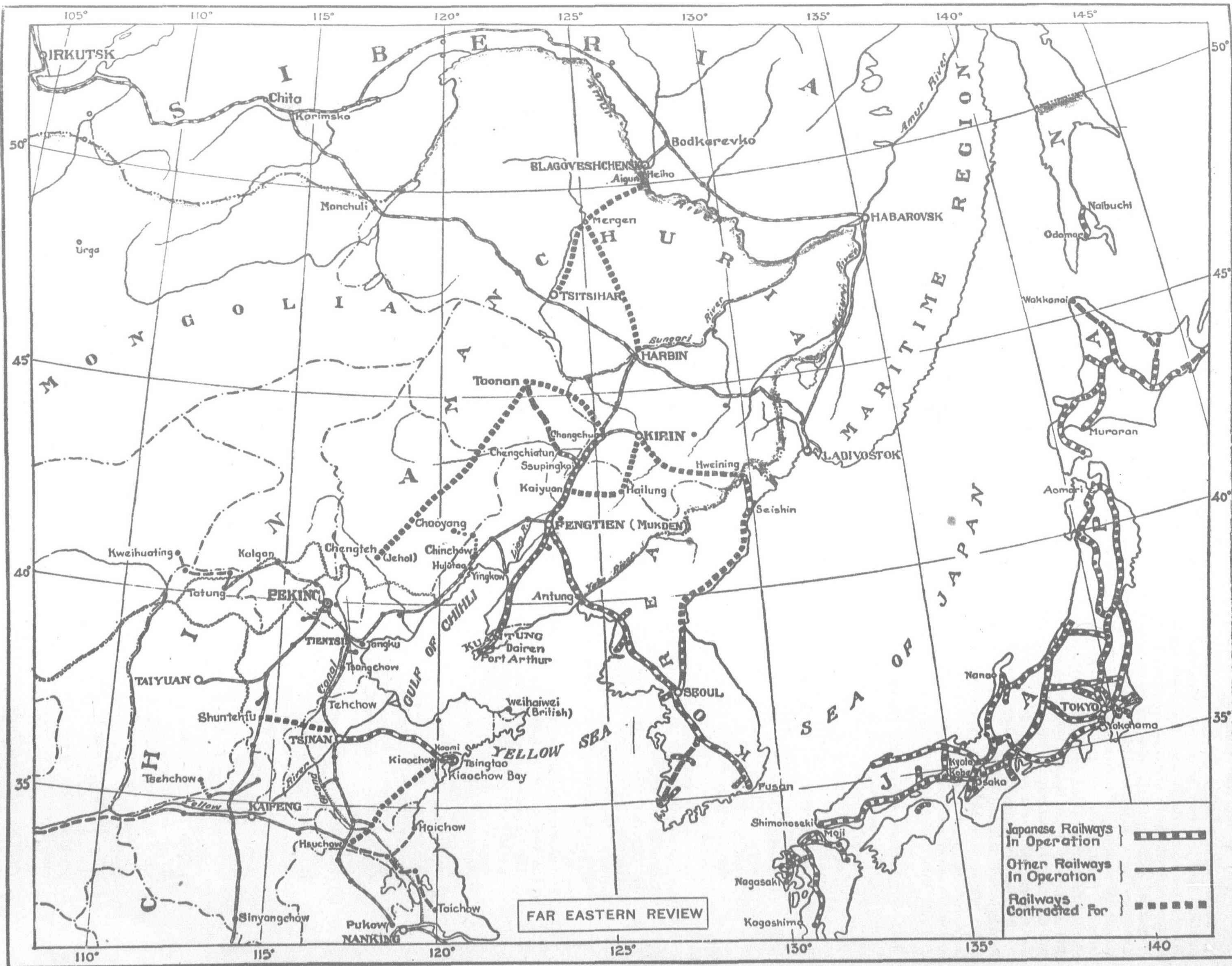
cost about ¥70,000,000 which will be raised in a similar manner as the loans for the four railways in Manchuria and Mongolia. The conclusion of this agreement is said to have resulted in a better understanding between the two governments on the future of the railways in Shantung Province.

For the moment we are merely concerned with the lines mentioned for Manchuria and Mongolia, the Shantung projects being dealt with below. It will be seen by reference to the agreement of October 5, 1913, that no mention was made of a railway from "a point on the Taonanfu-Jehol Railway to seaport," so its inclusion in the recent agreement virtually embraces the territory tapped by the route of the Chinchow-Aigun line as far as from the Gulf of Liaotung to Taonanfu. The map which we publish in connection with this article will repay close study. It shows the lines involved and when it is remembered that the only approachable port worth while on the western shores of the Gulf of Liaotung is the unfinished port of Hulutao,* which is connected with the Peking-Mukden Railway with a branch line at Lienshen just south of Chinchow, it is natural to surmise that this is the seaport which the Japanese have in mind. Hulutao is situated 110 miles north of Chingwantao and is seven and a half miles from the Peking-Mukden Railway, and 13 miles south of Chinchow. Taking Mukden as a centre the distance to Hulutao is 184.16 miles, while from Mukden to Dalny, the Japanese port, the distance is 246.7 miles. From Taonanfu to Hulutao is about 290 miles, and, as we pointed out in the FAR EASTERN REVIEW of July, 1914, page 64, (q.v.) when describing Hulutao, the development of local traffic when the Taonanfu Railway is built will bring great quantities of cereal and mineral products to Hulutao for shipment. As a harbor Hulutao has a good natural depth of water—30 feet at low tide—with a rise of eight to ten feet at spring tides. It has the advantage, too, that it seldom freezes sufficiently to prevent steamers operating, observations showing that it is no unusual condition for open water to be at Hulutao when there are six inches of ice at Chingwantao. The Chinese authorities at Mukden began improvement works to develop the port in October 1910, but by the following October lack of funds and the outbreak of the revolution against the Manchus terminated work. In that one year, however, considerable progress had been made with the breakwater, etc., details of which we have previously published, but work was never resumed. It is known that had the Chinese authorities proceeded with the improvement of the port it would, next to Tientsin, have developed into the most important Chinese harbor in North China, and probably would have been a strong competitor with Dalny. Japanese engineers have frequently inspected the port and it has several times been rumored that Japan has had an eye on its future control. It need not then occasion any surprise to hear later on that Japan has made arrangements with the present "government" in Peking to conclude the work and utilize the port as a sea terminal for a line "from a point on the Taonanfu-Jehol Railway." With the port developed and in her control, and lines running therefrom to Eastern Inner Mongolia as planned Japan would be in a strong commercial position so far as Manchuria is concerned, for she would then have direct avenues from Dalny and Hulutao to cover a great territory, the importance of which may be appreciated at a glance by looking at the map.

It will be seen, then, that the territory embraced in the Chinchow-Aigun Railway project is now completely taken up, with the exception of a small strip between Taonanfu and Tsitsihar, the Chinese having granted the southern section to the Japanese and the northern to the Russians, both contracts having been granted without any reference to American claims. The question now is: What explanation will the Chinese make to the American signatories of the agreement of October, 1909? There seems to us to be no other course open than to accord equal mileage for construction elsewhere, and the Chinese ought to do that without waiting to be asked about it if they wish to retain the good-will of America which they profess so strongly to desire—which they endeavor at times of crises freely to make use of—and if they wish to show the appreciation they profess of American altruistic assistance which has so frequently been rendered.

*See FAR EASTERN REVIEW, September, 1918, page 362.

*See FAR EASTERN REVIEW, July, 1914, page 64, for full description.



MAP OF NORTH CHINA

showing the railways recently contracted for with Japanese financiers, as well as the projected Russian lines.

Re the Shantung Railways

These railway loan contracts enable Japan to consolidate her political and economic hold upon Manchuria and Eastern Inner Mongolia, in accordance with the treaty signed on May 25, 1915, as a result of the conferences connected with the Twenty-one Demands; and similarly she has been able to translate her ambition for a substantial footing in Shantung province into something tangible by securing a contract to construct a railway from a point north of the Yellow River near Tsinanfu to Shuntehfu on the Peking-Hankow Railway in Chihli Province, and a railway from Kaomi, near Tsingtao, to Hsuehowfu, the junction of the railway to Kaifeng, on the Tientsin-Pukow Railway in Kiangsu Province.

By signing contracts for these two railways in Shantung Province it is believed the Chinese accord to the Japanese certain rights which were embodied in an agreement signed with the Germans just prior to the outbreak of war. The preliminary contract was signed on December 31, 1913, and the final agreement in June, 1914, the first being as follows:

German Shantung Railway Agreement

- (1) The Chinese Government undertakes to construct a Government railway through Shantung Province. This railway will start from Kaomi, and, passing through Ichowfu and I-hsien, will terminate at Hanchuang, there connecting with the Tientsin-Pukow Railway. If, after the selection of the route, it should be found that engineering difficulties prevent the junction of the two railways in Hanchuang, another place will then be selected for the junction. Immediately after the signing of the loan agreement work will be started on this line and must be continued until entire completion. So long as no obstacle arises and there is no delay or default in paying over the loan instalments the work shall on no account be interrupted.
- (2) The Chinese Government undertakes to construct a Government railway from Tsinanfu to the Peking-Hankow Railway. This railway will start from Tsinanfu and will terminate at a place between Shuntehfu and Hsinhsianghsien.
- (3) The following conditions have been agreed upon in regard to the two above-mentioned railway lines:
 - (a) The Chinese Government will entrust the construction work to a German firm. German capital and materials of German make will be utilized, while a German engineer-in-chief will be engaged to supervise the work.
 - (b) The German firm which undertakes the work will be selected by the Chinese Government. The German Government will submit the names of several German firms competent to undertake such work and the Chinese Government will make the selection from among them.
 - (c) The Chinese Government declares that in regard to the construction of these two railways the German Government will be accorded the same terms and conditions as are embodied in the railway loan agreement entered into with the Belgians on September 24, 1912. This means that a German traffic manager, a German engineer-in-chief and a German chief accountant will be engaged. If, after the completion of the construction work, the loan agreement is still operative, these officers will continue their service. They should send in their reports on all matters to the Ministry of Communications through Chinese official, as these railways are under the control of the Ministry.
 - (d) The Chinese Government does not wish that the German engineer-in-chief should have the additional work of auditing the expenditure from the loan funds and is willing to engage a German auditor for this work.
 - (e) The Chinese Government declares again to the German Government that if hereafter railway loan agreements are made between the Chinese Government and any other country wherein the terms and conditions

concerning the construction and traffic management are more favorable than the terms and conditions mentioned in the foregoing the same privileges will be accorded to these two railways.

- (4) The German Government restores to the Chinese Government all the special privileges contained in the preliminary agreement concerning the two railway lines from Chengting to Haichow and from Kaifengfu to Yenchowfu, but it should be distinctly understood that in regard to the line from Kaifengfu to Yenchowfu all the common privileges provided in Article 3 of the Kiaochow Treaty, of March 6, 1898, are to be retained.
- (5) After the exchange of despatches concerning the above arrangements the German Government will forward another despatch sanctioning the mining agreement agreed upon in Tsinanfu by the Shantung Government and the Shantung Mining Company of July 12, 1911.

With the exception of the railway already constructed from Kaiochow to Tsinanfu, the German Government will cancel all rights of railway construction provided in Clause 1, Article 2, of the Kiaochow Treaty of March 6, 1898.

I, the German Minister sign this despatch and exchange it with Mr. Sun Pao-chi, the Chinese Minister of Foreign Affairs, for a despatch of the same language and meaning, such exchange to be held as proof of the arrangement aforesaid having been agreed upon by both parties

(Signed) FREIHERR VON HAXTHAUSEN.

December 31, 1913.

In June, 1914, a final agreement was signed, the contents of which have not been disclosed. Whether the new agreement secured by Japan is based on this instrument we are unable to say, but it can be taken for granted that since cash advances had to be made to the Peking "Government" it is not likely that any privileges have been sacrificed.

The projected railways are of great value in opening up the province and securing connection with adjoining provinces. The line from Kaomi to Hsuehowfu will also tap the important coal deposits being worked at Tierhchwang, and permit of coking coal of high quality being hauled to the iron mines at Chinglinchen now being operated by Japanese capitalists. They will also contribute greatly to the development of Tsingtao as a port, it being Japan's ambition to make this centre one of the chief points of distribution in North China.

Agreement Exchanging Mining Territory

The agreement signed on July 24, 1911, mentioned in the above agreement, has not previously been published, and it becomes of peculiar interest if, as reported, Japan has claimed a 30 *li* radius of mining activity on each side of the new lines, on the grounds that Germans possessed similar rights. The agreement which follows rather alters things. It is as follows:

The Government of Shantung being now in accord regarding the readjustment of the mining rights along the line of the railway, the substance of the agreement with the Shantung Mining Corporation (Schantung-Bergbau-Gesellschaft) is embodied in the following articles:

SECTION 1.

Article 1.—The Shantung Government and the Schantung Bergbau-Gesellschaft confirm, as originally agreed, that the mines at Fangtze and Tzuchuan, together with those of Chinlingchen and Changtien for the space of 30 *li* wide shall be exclusively operated by the Schantung-Bergbau-Gesellschaft.

Article 2.—The above specified mining territory of the Schantung-Bergbau-Gesellschaft is defined on a separate map which constitutes an important integral part of this agreement. All mining rights within this area belong to the Schantung-Bergbau-Gesellschaft. Chinese mining companies have no rights there.

Article 3.—Outside of the special rights reserved by the Schantung-Bergbau-Gesellschaft as specified above the rights to mines within 30 *li* of the finished Shantung Railway and of the unfinished Tientsin-Pukow Railway and the recently surveyed Kiaochow-Ichow Railway, which were originally granted by China to the Schantung-Bergbau-Gesellschaft, are hereby cancelled.

Article 4.—The original purpose of the Schantung-Bergbau-Gesellschaft was to preserve the right to operate mines in Poshan and Tzuchuan within the 30 *li* belt. Now in order to display a friendly spirit it is agreed that the rights in Poshanhsien are relinquished: also in Tzuchuan from Takueishan through Lingkouchen towards the northwest, south of the oblique line through the eastern part of Tzuchuanhsien the mining rights are relinquished and restored to China.

Article 5.—The mines of Fangtze within the jurisdiction of Weihsien were formerly included in the 30 *li* belt as well as Changho and Anchinhhsien. Now the Schantung-Bergbau-Gesellschaft, in order to show friendship, returns to China its rights to the mines of Poshanhsien. Also the mining rights are returned to China in Tzuchow, south of the diagonal line from Takueishan through Lungkouchen toward the north-west through Tzuchouhsien.

Article 6.—The mining area map agreed upon between the Shantung Government and the Schantung-Bergbau-Gesellschaft is issued in four sheets as follows: (a) Mining areas in Tzuchow, Chinlingchen and Changtien; (b) Mining areas on the southern boundaries of Tzuchow; (c) Mining areas in Weihsien and Changlohsien; (d) General map.

Article 7.—In Fangtze, under the jurisdiction of Weihsien and in Lo-an and Anchin hsiens, which were included within the 30 *li* belt, although the Gesellschaft, in order to show friendship has turned back to China its rights in the north-west part of Anchinhhsien, yet it retains its rights in Changlohsien and Tachingshan to a distance of ten Chinese *li* from Fangtze.

SECTION 2.

Article 1.—Along the line of the Shantung Railway in the regions of Changchin, Tzuchow and Poshanhsien, which have been relinquished by the Gesellschaft, Chinese are forbidden to open mines on a large scale before the year 1920. After that date Chinese officials and merchants may decide for themselves.

Article 2.—Within one month of the exchange of ratifications of this agreement between the Chinese and German Governments the native mines within the railway zone shall be closed.

Article 3.—According to the mining regulations of the 26th March of Kuang Hsü, that is A.D. 1900, the mining operations of the Schantung-Bergbau-Gesellschaft shall be specially protected.

Article 4.—If the Chinese Government or Chinese merchants wish to carry on mining operations in the areas relinquished by the Gesellschaft according to this agreement, whenever the capital is insufficient they must borrow German capital. If they require supplies of machinery they must purchase German materials, and if they wish to engage foreign experts they must engage Germans.

Section 3.—China undertakes to pay Mex. \$210,000 to be expended by the Schantung-Bergbau-Gesellschaft in surveying and purchasing land and in meeting other necessary expenses. Within one year after the signing of this agreement this shall be paid in two instalments. As soon as possible after the signing of this agreement the Schantung-Bergbau-Gesellschaft shall make a full report to China regarding its surveys and purchases of land with maps and observations.

SECTION 4.

In operating iron mines near Chinlingchen the mining regulations of the 26th year of Kuang Hsü (A.D. 1900) must be conformed to without evasion. It is, further, the expectation of the Chinese officials that an iron works shall be opened near these mines, the capital of which shall be subscribed by China and Germany jointly. It is stipulated that the call on Chinese for capital shall be limited to about \$500,000. The detailed regulations will be drawn up when the ironworks are to be opened.

This agreement is drawn up in both the Chinese and the German languages, both versions to agree in meaning, in four copies, to each is attached four sheets of mining territory maps. The deputies of the two nations will mutually exchange the original copies with the supplementary sheets as proofs of this agreement, which both are to observe.

Dated at Tsinanfu July 24, 1911, or Hsuantung, 6th moon, 29th day.

Signed HSIEN YING-PENG, Industrial Taotai of Fengtien.

YU TSE-TA, Financial Commissioner of Shantung.

AI-MU-LO-LIN-HAI-ERH (Chinese name), Managing Director of Schantung-Bergbau-Gesellschaft.

PEI-CHIH-CHIH (Chinese name), German Consul at Tsinanfu.

It must be explained that by a decree of the German Chancellor dated March 13, 1913, the Schantung-Bergbau-Gesellschaft was liquidated and the mining concessions were transferred to the Schantung-Eisenbahn-Gesellschaft Railway Company. The latter Company, therefore, would have operated under this agreement, which liquidates on the basis of the concession of particular areas the broad general right to mining privileges along the railways.

It is difficult to comment upon the advantages or disadvantages of the agreement signed with regard to Shantung because we are ignorant of the terms of the document. Considering that the Allies are supposedly fighting for the abolition of secret diplomacy, among other things, it would seem to be policy on the part of Japan to publish the full terms at the earliest moment. This is desirable in the first place to dispel wrong conclusions, and in the second to allow others interested in the development of China to know where they stand. The construction of railways in China should benefit everyone interested in commerce and trade, and we feel sure that no one will object to the opening up of Shantung by Japan if she proceeds with the work conscious of the requirements of the "open door" policy. It is feared in quarters that she may apply in China Proper the "rules and regulations" designed for Manchuria, but suspicions in this regard can immediately be swept away by the Hara Government if it so desires. In Japan's best interests it is to be hoped that the new Cabinet will take the earliest steps to clear the atmosphere by publishing all the agreements recently come to in China and so lay before all interested parties the exact terms upon which Japan is operating. Such a step will allay the fears generating in the minds of Chinese and satisfy all foreign interests.

Engineering Congress in Java

The Committee of the General Engineering Congress to be held at Batavia, Java, in 1919, has issued its first circular outlining the purposes of the Congress. It is proposed to invite attendance of engineers principally from the countries in the region of the Dutch East Indies where foreign and highly specialized technical science is practised in relatively undeveloped surroundings. As the Dutch East Indies is in this category, it is believed that the central position of Java and the many interesting engineering works there will make that country especially suitable for the proposed convention.

The Committee says that the War has brought the countries outside of Europe closer together and made them dependent upon each other, and in technical respects especially these circumstances have brought about new problems which must be solved with greater skill and ability. For instance, the development of harbors and transportation facilities in such countries is a new problem which calls for the exchange of experiences and opinions.

At present it is proposed to divide the Congress into six sections:

Harbors and means of communication.

Irrigation, drainage, waterworks, etc.

Roads and bridges, townplanning, architecture, etc.

Production of energy, electricity and industries.

Mining and geology.

Other subjects not included in the foregoing.

Invitations for attendance will be extended as well to Western America, Japan, Australia and South Africa, and technical papers will be invited from many other sources. The languages allowed will be Dutch and English. M. H. Damme is the President and C. Tellegen the Secretary of the Committee of Management, whose address is 4 Palmenlaan Gondangdia, Batavia.

Japan's New Cabinet

[BY JIHEI HASHIGUCHI.]

Prime Minister—Mr. Kei Hara, President of the Seiyukwai.
Minister of Justice—Mr. Kei Hara, President of the Seiyukwai.

Foreign Minister—Viscount Kosai Uchida, Former Ambassador to Russia.

Home Minister—Mr. Takejiro Tokonami, a Leader of the Seiyukwai.

Finance Minister—Baron Korekiyo Takahashi, a Leader of the Seiyukwai.

War Minister—Lieutenant-General Giichi Tanaka.

Education Minister—Mr. Tokugoro Nakahashi, a Leader of the Seiyukwai.

Agriculture and Commerce Minister—Mr. Tatsuo Yamamoto, a Leader of the Seiyukwai.

Communications Minister—Mr. Utaro Noda, a Leader of the Seiyukwai.

Navy Minister—Admiral Tomosaburo Kato, continuing in office.

Together with the foregoing ministers several minor appointments were made on September 29 by His Majesty the Japanese Emperor. Mr. Tokonami, the newly appointed Home Minister, was also appointed President of the Imperial Railway Board. Mr. Koi Takahashi, a Seiyukwai member, was appointed to succeed Count Kodama as Chief Secretary of the Cabinet, and Mr. Sennosuke Yokota, formerly the chief secretary of the Seiyukwai, was made chief of the Bureau of Legislation. Other minor changes were made in favor of the Seiyukwai Party.

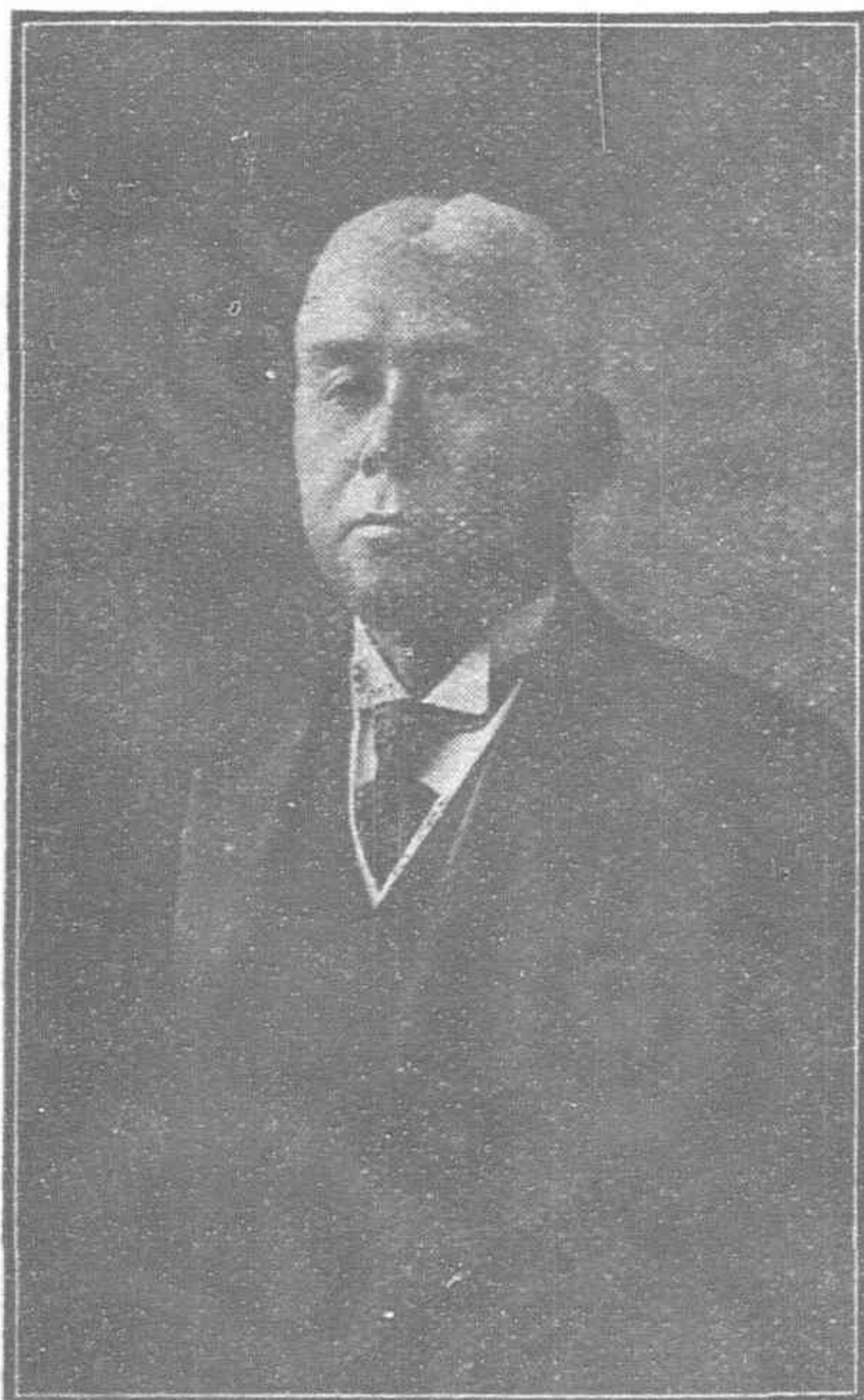
The new Hara Ministry was formed on September 29 to succeed the Terauchi Ministry, which resigned during the middle of that month; the reason for the resignation of Count Terauchi, the former Prime Minister, having been given as ill-health and inability to continue to perform his State duties; other members of the Cabinet followed the Premier in tendering their resignations. When Count Terauchi definitely intimated his desire to

man should undertake the arduous duties of the post he saw no reason why Marquis Saionji should not be asked to form a Ministry. The idea of recommending Marquis Saionji was that Japan needed a Prime Minister who could command the respect of the whole nation. When the news of the Genro's choice was spread broadcast, Marquis Saionji became the centre of attention of Japanese as well as foreign observers, but though an Imperial Command was given him to form a Ministry, the Marquis apparently to the great disappointment of Prince Yamagata and Marquis Matsukata and their colleagues, definitely decided not to accept the Imperial offer of the post, and he reported to His Majesty that because of his advanced age and poor health he was constrained to decline the honour, and it is understood also that he recommended in his stead Mr. Hara as the best candidate to succeed Count Terauchi. So it came about that Mr. Hara was summoned by His Majesty and commanded to form a Ministry.

The foregoing is a summary of the bare facts leading to the formation of the Hara Ministry as they were understood by the press and the public of Japan, no official statement having been given out.

Some people doubted that a Hara Ministry would become a reality, at least for the present, because a Party Ministry—which that Ministry will be in form—is the last thing that the militaristic bureaucrats of Japan are expected to tolerate, since it is considered they possess power not to be trifled with by mere political parties. But within two or three days after the Imperial command was given Mr. Hara succeeded in organizing his ministerial staff out of the members of the Seiyukwai, with the exception of the Foreign, the War and the Navy Ministers, and he reported his success to His Majesty, who forthwith appointed the Hara Ministry at the fourteenth hour on September 29.

The formation of the Hara Ministry is considered among a large section of the Japanese as distinct advancement along the line of party government. Even the leaders of the opposition party, the Kenseikwai, were in a congratulatory mood as was



MR. KEI HARA



VISCOUNT UCHIDA



BARON KOREKIYO TAKAHASHI

resign to the Emperor it is understood that His Majesty summoned the Genro—or Elder Statesmen—Prince Yamagata, Marquis Matsukata and Marquis Okuma, to the Imperial Court for consultation. They agreed, more or less unanimously, that Marquis Saionji, another Genro of seventy years of age, should serve the Empire as the Prime Minister; although it is understood that Marquis Okuma recommended to His Majesty that a young

shown by the address Viscount Kato, the chief, delivered at a meeting to decide its attitude. Viscount Kato did not criticize, because the Hara Ministry had not then made any definite announcement of its policy. Whether the Hara Ministry will come up to popular expectations as a truly responsible party government remains to be seen. If Mr. Hara should succeed in this task as he has in forming his ministry, it will be an epoch-making

event in the constitutional history of Japan—indeed it will be a political change of profound significance. There will then be no more of the vague, intangible and mysterious political atmosphere such as has obtained in Japan in the past.

There are many problems to be tackled by the Hara Ministry, such as the solution of the problem of adjusting prices to relieve the people from their sufferings caused by the high cost of living; the problem of a China Policy; adjustment of means of communication to relieve the present state of congestion, and other weighty issues. With regard to the problem of adjusting prices, many economists, business men and others, hold that to solve that problem currency will have to be contracted, exportation will have to be restricted, or, in many instances, prohibited, and business enterprises in the country will have to be brought to a basis of soundness by restricting loans. In this respect, the policy which the Finance Minister will adopt will have a very great effect. It is feared by some who know Baron Takahashi through the experiences they had when he was Finance Minister before, and from what the Baron has said since, that he might take a rather optimistic view of the financial situation of Japan, though others hold that as he is a practical business man he will not be foolish enough to put his optimistic theories into execution at this late hour. A rather curious contrast are the views of Mr. Yamamoto, the Minister of Agriculture and Commerce, who as is known

sible for some sharp practice in dealing with economic and financial matters. This suspicion is natural judged from another point of view, namely the record of the semi-Seiyukwai ministries in the past. It is up to the Japanese people, of course, to watch over the Ministry as to that. But if the system of party government is to be put to real practice, this duty of the people should be easy if they only exercise their franchise properly and intelligently. A hopeful feature in this respect is that the constitutional ideas of the Japanese people have phenomenally advanced during the past few years.

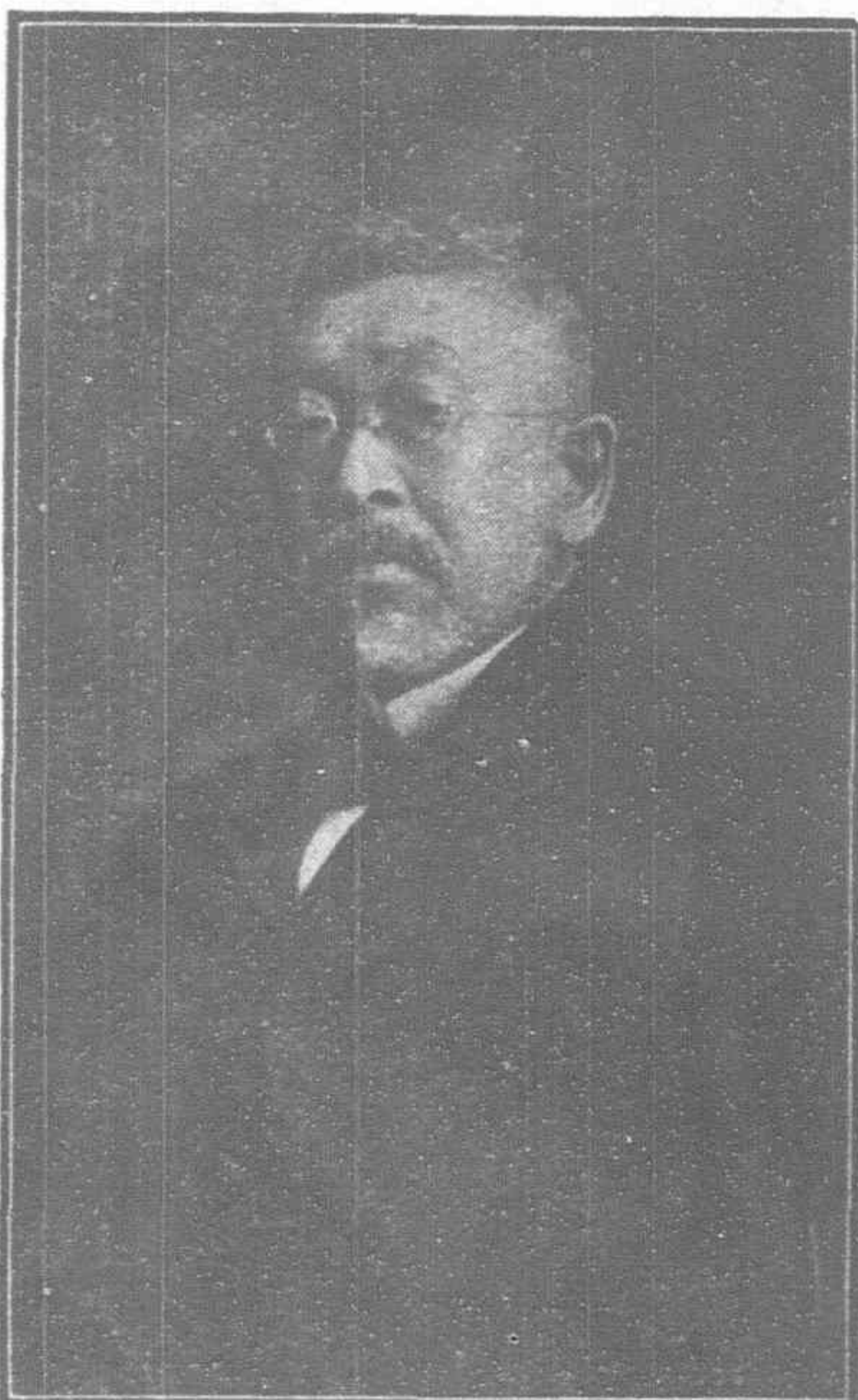
On the whole, the Hara Ministry is rather welcomed by the Japanese nation, and the task of the ministry now is to prove its worth. The following are rough sketches of the lives of the new ministers:—

Mr. Kei Hara, Prime Minister

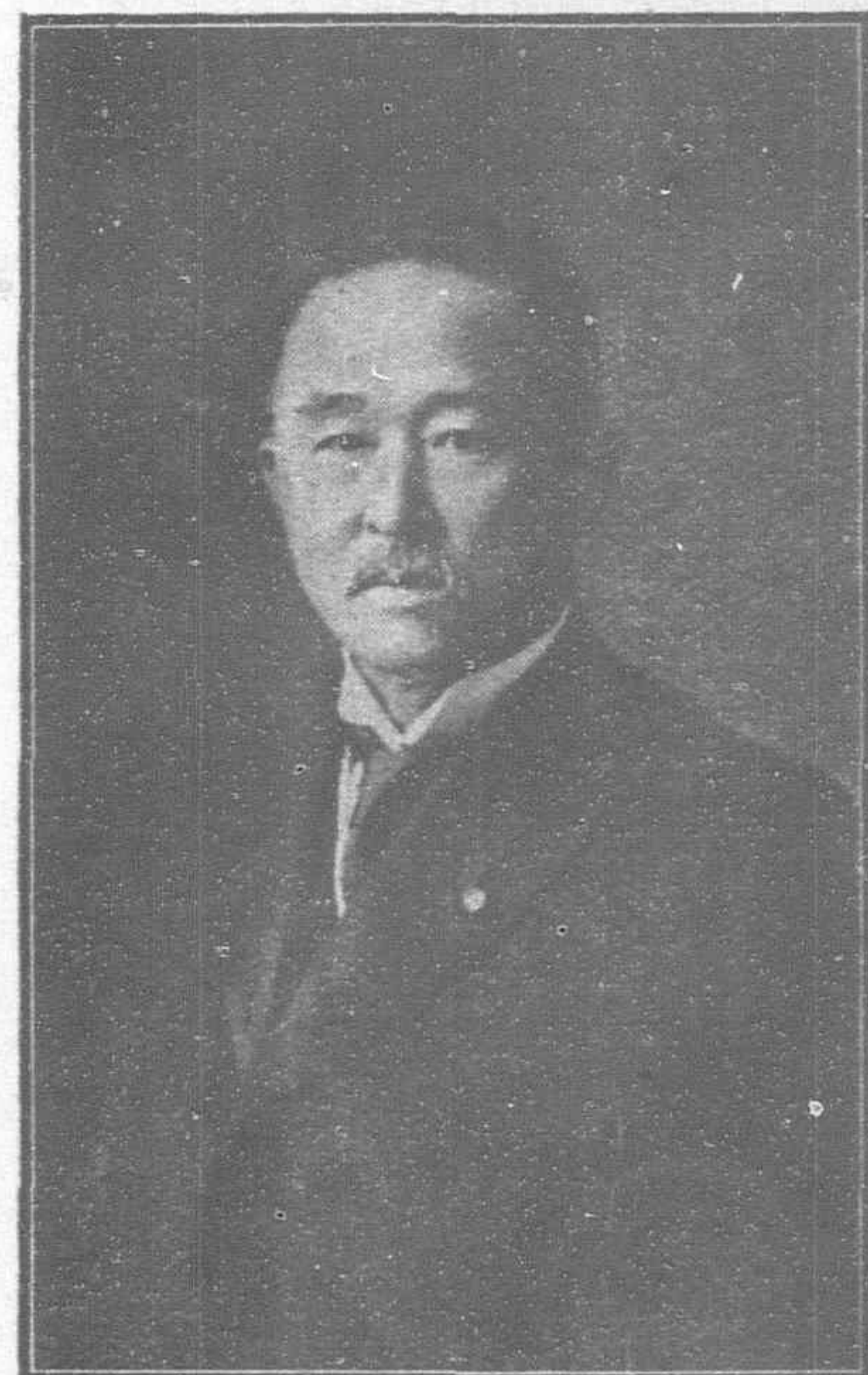
Born on February 9, 1856, Mr. Kei Hara, the Premier and Minister of Justice, is 62 years of age this year. He hails from the Iwate Prefecture in the northern part of Japan and belongs to a samurai family of old. He was educated in the Foreign Language School and a Law School in Tokyo, and was expelled from the latter school because he raised a revolution against the cook of the dormitory. He became a newspaper man; later



LIEUT.-GENERAL TANAKA



MR. TOKUGORO NAKAHASHI



MR. TATSUO YAMAMOTO

followed a conservative policy when he was the Minister of Finance. It is understood that the two opposites, friendly to each other as they are personally and publicly, may be blended into a harmonious perfection by the efforts of their chief, Mr. Hara.

As for the China policy of the Hara Ministry it is to be gathered from what a responsible person close to Mr. Hara said to me soon after the formation of the Ministry, that Mr. Hara has been a staunch advocate of true friendship with China, not with this section or that, but, with the whole of China. What this generalized declaration really means cannot be told until it is put to practical test, as are also the policies which the Seiyukwai ministry will adopt in regard to other problems that are before it.

Another striking feature of the Hara Ministry, beside its being a Party Ministry, is that it has several wealthy persons among its members—quite a contrast to the Terauchi Ministry and also to the Okuma Ministry. Mr. Tokugoro Nakahashi, Education Minister, is known as a multi-millionaire; said to be worth tens of millions of yen; whereas Baron Takahashi, Finance Minister, and Mr. Yamamoto, Agriculture and Commerce Minister, are believed to be worth several millions, and Mr. Noda, Communications Minister, has wealthy connections among mine owners and operators in Kyushu, and is otherwise financially influential. This fact gives some people a suspicion that the Hara Ministry might prove to be a narikin ministry, and that it may be respon-

private secretary to the Minister of Agriculture and Commerce, and later still private secretary to the then Foreign Minister, Count Mutsu. He rose in official rank to be a secretary of the Foreign Office, the Consul in Tientsin; a secretary attached to the Japanese Legation in France; the chief of the Bureau of Commerce of the Foreign Office; the Minister to Korea during the Sino-Japanese War; and, later, the Vice-Minister of Foreign Affairs. When the Ministry under Prince Ito resigned, Mr. Hara retired to private life and accepted the post of president of the "Osaka Mainichi Shimbun," a leading daily newspaper in Osaka. In 1900, when the late Prince Ito organized the Seiyukwai Party, Mr. Hara became a member of the committee in charge of the party's affairs, and subsequently was appointed Minister of Communications in an Ito Ministry. In the first Saionji Ministry he was the Home Minister, and in the second Saionji Ministry the Home Minister and the President of the Imperial Railway Board. In the Yamamoto Ministry he was the Home Minister once again. When that Ministry fell he was elected by the city of Morioka, his native city, as a member of the House of Representatives of the Imperial Diet. Later, when Marquis Saionji, who had succeeded Prince Ito as the President of the Seiyukwai, resigned, Mr. Hara was chosen as successor to the Marquis to head the party. He was appointed a member of the Special Diplomatic Investigation Committee during the Terauchi Ministry.

Viscount Uchida, Foreign Minister

Viscount Kosai Uchida, the Foreign Minister, is not a Seiyukwai man. He comes from Kumamoto Prefecture in Kyushu, and was born 53 years ago. In 1887 he graduated from the Imperial University Law School, and at once entered the diplomatic service. At one time he became a private secretary to the Minister of Agriculture and Commerce, but soon he returned to the service and became consecutively a secretary of the Foreign Office and of Legations abroad, Minister to different countries, the Chief of the Bureau of Commerce, and of the Political Affairs of the Foreign Office, and in 1900 he was made the chief of the Bureau of Diplomatic Affairs. In 1901 he went to Peking as the Japanese Minister to China, where he distinguished himself among the foreign diplomatic corps. At the time of the Russo-Japanese War, he was sent to Austria as Ambassador. He later became Ambassador to America. He has been known as a brilliant star in the diplomatic constellation. In 1911, when the second Saionji Ministry was formed he became the Foreign Minister. Because of the Chinese Revolution, which gave him a difficult task to handle, he was much criticized by the Japanese people. But he was respected as a diplomatist who understood the new age. In the Terauchi Ministry he was requested by the late Viscount Motono, former Foreign Minister, to go to Russia as the Ambassador and he went. When the Russian revolution took place he was understood to have differed with the Foreign Office as to the policy towards the Bolsheviks, he entertaining a rather liberal attitude toward these misguided people. Some criticism was made as to the circumstances of his return from Russia.

Mr. Tokonami, Home Minister

Mr. Takejiro Tokonami is known as the flower of the new ministry. He is looked upon as a future Prime Minister, both by his political friends and foes. He is 52 years old. He comes from Kagoshima City, in Satsuma Prefecture, Kyushu. He is a graduate of the Imperial University Law School. As soon as he graduated from the University he entered the Finance Department where he soon became a secretary. He then became the chief tax commissioner in Ehime Prefecture, a secretary of the Yamagata Prefectural Government and later of Niigata Prefectural Government. He was promoted to be the Governor of Tokushima Prefecture, and then of the Akita Prefecture. In the first Saionji Ministry, Mr. Tokonami was raised to the position of chief of the Local Government Bureau, and in the second Saionji Ministry of 1911 he was made Vice-Minister of Home Affairs under Mr. Hara. In the Yamamoto Ministry, Mr. Tokonami became the president of the Imperial Railway Board.



MR. TAKEJIRO TOKONAMI

Later, he was elected by his native prefecture of Satsuma as a member of the House of Representatives of the Imperial Diet. He is looked up to as a successor to Mr. Hara as the President of the Seiyukwai and the Prime Minister of a future Seiyukwai Ministry.

Mr. Yamamoto, Minister of Agriculture and Commerce

Mr. Tatsuo Yamamoto had been spoken of side by side with Baron Takahashi as a candidate for the position of Finance Minister. But that position was occupied by Baron Takahashi and Mr. Yamamoto was appointed the Minister of Agriculture and Commerce, the position which has direct relations with the problem of the living of the people. He is 62 years old, the same age as the Prime Minister, Mr. Hara. He was born in the Prefecture of Oita, Kyushu. A graduate of the Keio University, he

became a teacher in the Osaka Commercial School. In 1883, he entered the service of Mitsubishi Company. Later he was made the chief of the bureau of business of the Bank of Japan and at the same time a director of the Yokohama Specie Bank. He was rapidly promoted to be a director of the Bank of Japan and then the president of that bank. In 1903, upon the expiration of the term of presidency he left the bank and was chosen by the Emperor to be a member of the House of Peers. In 1909, he became the president of the Hypothec Bank, and in 1911, when the second Saionji Ministry was formed, he was chosen as the Minister of Finance. In the Yamamoto Ministry he was the Minister of Agriculture and Commerce.

Mr. Nakahashi, Minister of Education

Mr. Tokugoro Nakahashi, like Mr. Tokonami, is a comparatively new member of the Seiyukwai Party. He is looked up to as a man of ministerial calibre. Against the popular expectations, he became the Minister of Education; for he had been expected to become the Minister of Agriculture and Commerce or the Minister of Communications, as he has been a business man of considerable reputation. He is 55 years old. He graduated from the Imperial University Law School in 1886. After graduation, he became a judicial official. Later he became the councillor of the Department of Agriculture and Commerce, the chief of the Bureau of Legislation, and was sent to Europe and America to investigate legislative systems. Upon his return in 1890 he was appointed a secretary of the House of Representatives. Then he rose to the positions of councillor of the Department of Communications, chief of the Bureau of Control of that department, and chief of the Bureau of Railways while railways were in control of that department. At the time of the Sino-Japanese War, he left official service and became the president of the Osaka Shosen Kwaisha and has done much to improve the conditions of that company whose fortune were considered to be dwindling at the time. He at once established his reputation as a leading business man. He comes from the prefecture of Kaga on the Japan Sea coast, and has been spoken of as one of the stars in the business world of Japan, the other one being Mr. Senkichi Hayakawa, of the Mitsui Company. In 1912 he was elected from Osaka city as a member of the House of Representatives of the Imperial Diet, but he declined the honour. Later, when he resigned the position of president of the Osaka Shosen Kwaisha, he ran for the Diet during the Okuma Ministry, but was defeated by the Government candidate. Last year he succeeded in the general election and became a member of the House as a Seiyukwai member. At once he was made one of the directors of the party.

Mr. Noda, Minister of Communications

A tall and stout man of magnanimous personality, genial to everybody, Mr. Uтарo Noda, the new Minister of Communications, born 65 years ago in Fukuoka Prefecture, Kyushu, has been a member of the House of Representatives for eight terms. As a Seiyukwai leader he is looked up to as an important personage. He is a self-made man of no particular school education but the world itself. In the Yamamoto Ministry he was appointed the president of the Oriental Colonization Society. As the Minister of Communications, he will have a supremely difficult task to adjust the means of communications, which are now in a frightful condition, beyond description.

Baron Takahashi, Minister of Finance

Baron Korekiyo Takahashi is known as a man of forward policy in financial matters; quite a contrast to his colleague, Mr. Yamamoto. Which of the two men would be chosen to head the Finance Ministry was an interesting question for several days before the Hara Ministry was formed and publicly announced with the Baron appointed to fill that position. He is 64 years old now. As a young man he acquired Western learning. After graduation from the Kaisei Gakko, he became an assistant teacher in the University and the president of the Osaka School of English. Later, he became the chief of the Bureau of Investigation in the Department of Agriculture and Commerce, the chief of the Bureau of Registration of Trade Marks, the chief of the Bureau of Government Monopolies. In 1892 he was made

chief of the department of supervision over the work of construction of the Bank of Japan building. Later he became the vice-president of the Bank of Japan. At the time of the Sino-Japanese War, he was sent to Europe and America as the financial agent of the Japanese Government. At the time of the Russo-Japanese War, he was again sent to the Western countries to raise loans. In 1908 he was created a Baron. In the Yamamoto Ministry he was appointed the Minister of Finance and joined the Seiyukwai Party. Since the fall of the ministry he has done much to help to promote the cause of the party, especially financially. It is said that he did not care for the position for himself, but was persuaded to accept the post because of the earnest request of Mr. Hara to do so. Baron Takahashi is a member of the House of Peers.

Lieutenant-General Tanaka, Minister of War

Lieutenant-General Giichi Tanaka is known as a representative in the Hara Ministry of the Military bureaucrats headed by Prince Yamagata. It is feared that he might prove to be a bomb shell that might burst the Hara Ministry should an occasion demand an explosion. He is 54 years of age. After graduation from the military academy he was made a second lieutenant in the army in 1886. He entered the War College, graduating from it in 1892. He served in various capacities in the war department, such as a staff officer, attaché in the Japanese Legation in Russia, and at the time of the Russo-Japanese War a staff officer of the Great General Staff and also a staff officer in the Japanese army of expedition in Manchuria, etc. At the time the question of

increase of the army by two additional divisions arose, he did much to promote the cause of the army for the increase. Until he was appointed War Minister he was the assistant chief of the general staff under General Ueyhara.

Admiral Kato, Minister of Navy

Admiral Tomosaburo Kato is the only exception who has retained the position in the ministry which he had been occupying in the previous ministry. He has served in the capacity of the Minister of Navy in the Okuma Ministry, so that he has been serving continuously for three ministries. It was thought that he might be replaced by another man. The fact that he stays is taken to mean that his clear brain and executive ability have been recognized by Mr. Hara, although as a matter of fact the Navy Department and the War Department are not affected so very much by any mere ministerial change in Japan. He was born in Hiroshima. He became a midshipman in 1883, a captain in 1899, and later a professor in the Naval Academy, the supervisor of Naval Construction. In 1902 he was appointed the chief of the staff of a Standing Squadron. He was the chief of Staff of the Kamimura Squadron in the Russian War. In 1906 he became the Vice-Minister of the Navy; in 1908, was created a Vice-Admiral; and in 1909 became the commander of Kure Naval Station. In 1914 he was appointed the commander-in-chief of the First Fleet on the declaration of war against Germany. He became the Minister of Navy in the Okuma Ministry and remains in that position still.

Wireless Telegraphy and Telephony

Contracts signed by China with the Marconi Wireless Company

With the European War at such an interesting stage little interest was taken in the following telegram issued by Reuter's on October 8:

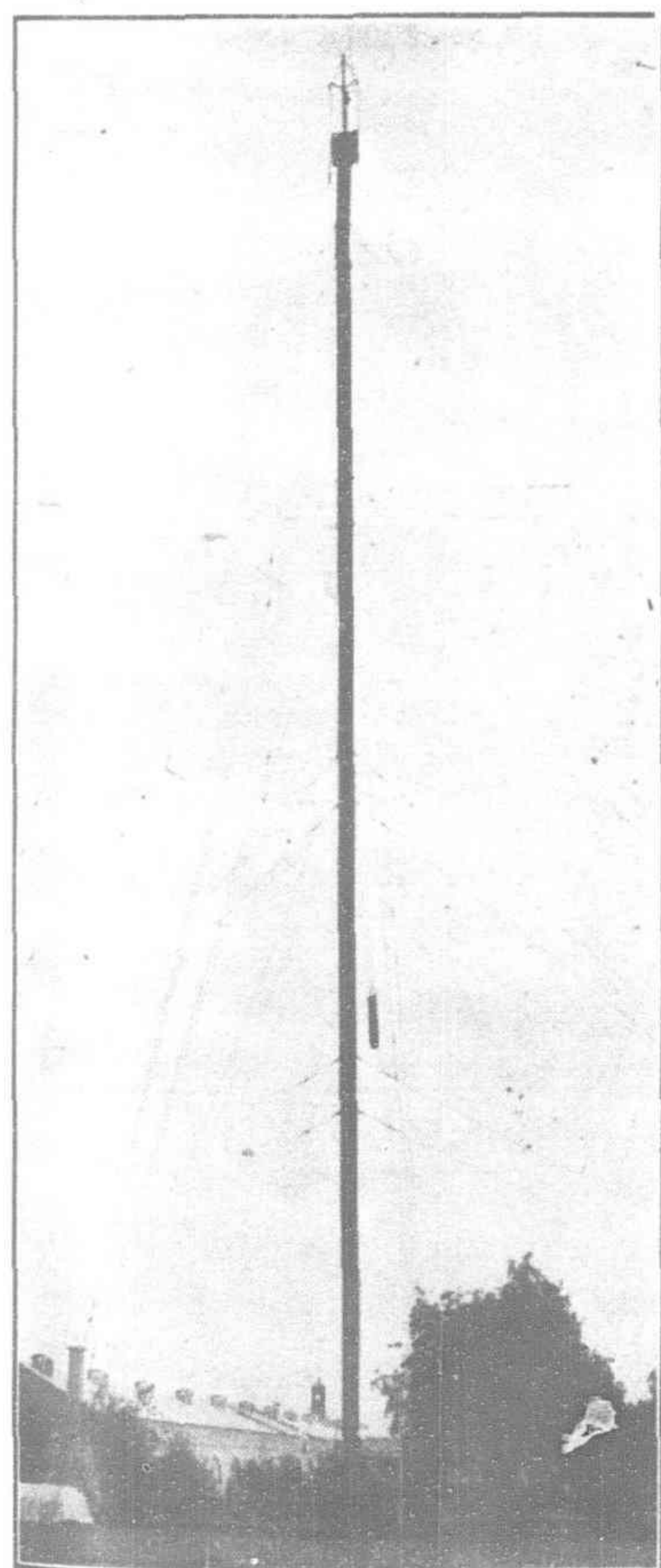
"Reuter's agency learns that the Peking representative of Marconi's Wireless Telegraph Company, Limited, has received a telegram from London, dated October 2, stating that the Marconi time sparking station at Carnarvon is communicating day and night direct with Sydney, New South Wales, a distance of 12,000 miles. The first messages were sent by Mr. Hughes, Australian Premier, and Sir Joseph Cook, Minister of the Navy.

"This is the longest distance of transmission yet attained by means of wireless telegraphy. The previous longest distance of transmission, day and night, was between San Francisco and Funabashi, Japan, a distance of 5,900 miles, with a relay at Honolulu."

The importance of this message cannot be overestimated, especially in view of the two contracts recently signed between the

Chinese Government and the Marconi Wireless Telegraph Co., Ltd., for the supply of wireless telephones and telegraph stations, and it brings prominently and forcibly to mind the astounding development in recent times of wireless telegraphy. It was only in 1896 that Mr. Marconi was granted the first British patent for wireless telegraphy, and the following year at the request of the chief electrical engineer of the British Post Office he conducted experiments over a distance of about 100 yards. Subsequently a series of experiments on Salisbury Plain resulted in communication being successfully established over a distance of $1\frac{1}{4}$ miles. In 1897 communication was successfully established between the Needles Station and a steamer, readable signals being received up to a distance of 18 miles. From that time on continuous experiments were made, and in 1900 the Marconi system was adopted by the Norddeutscher Lloyd Steamship Co., and a contract was made with the British Admiralty for the installation of apparatus on twenty-six of His Majesty's ships and six Admiralty coast stations. Considerable progress in transatlantic work was accomplished in 1902. In February of that year Mr. Marconi received on board the s.s. *Philadelphia* readable messages up to a distance of 1,550 statute miles and signals up to a distance of 2,100 miles from Poldhu Station, Cornwall. In 1906 the transatlantic stations at Clifden, Ireland, and Glace Bay (Nova Scotia) were opened for limited public service, and the following year transatlantic stations were opened to the general public for transmission of messages between the United Kingdom and the principal towns in Canada.

The declaration of war by Great Britain was followed by the suspension of all private radio-telegraphy. In 1916 the "London Gazette" printed the text of a new official regulation requiring the owner of every vessel of 3,000 tons or over registered at a British port in the United Kingdom to take out a license for a wireless installation before August 21st of that year irrespective of whether his ship carried passengers or not. The year 1917 saw a further development in the direction of compulsory wireless for sea-going vessels. A further amendment to the British Order in



NEW MARCONI MAST AT
CHELMSFORD—THE HIGHEST IN
THE WORLD—473-FT. 9-INS.

Council was introduced bringing the tonnage limit down to 1,600 tons gross. This new clause enacted that every British sea-going vessel of such tonnage or upwards in respect of which a license to instal wireless telegraph apparatus has been granted by the Postmaster General shall be so equipped, and provided with two certified operators who must be suitably accommodated.



A TYPICAL MARCONI WIRELESS OPERATING ROOM ON BOARD SHIP.

Wireless telegraphy has been universally recognized as the greatest agency for the safety of life at sea, and the day is not far distant when it will become the most advanced medium of communication and carrier of intelligence over land and sea between the world's nations. There are few countries in the world which can use wireless to greater advantage than China. Times innumerable Peking has been entirely cut off from some of the provinces as a result of brigands and others severing or damaging the landlines. At the time of the Boxer trouble in China in 1900 the foreigners besieged at the British Legation at Peking were completely isolated from the outside world and their fate was in doubt for weeks. Had wireless existed at that time communication would have been uninterrupted, and in order to prevent a similar disaster by the probable cutting of land lines one or two governments installed wireless plants in Peking immediately the system had been perfected. The American and the Japanese Legations at present have efficient services.

The Chinese Government a few years ago installed a few stations worked by the Telefunken system but they never proved as successful as properly conducted stations might have done. The one established at Nanking was destroyed during the revolution in 1911 under the orders of General Chang Hsun, who developed at that time a mania against foreign contraptions. Others were erected at Peking, Shanghai, Woosung, Kalgan, Hankow, Hoihow, Shewen, Canton, Fuman, Samshui, Tsungming and Paoting. The coast stations have a radius of 700 nautical miles by day and 1,300 by night. Other stations not belonging to China also exist. One was recently erected at Hongkong, and there is also one at Weihaiwei, Tsingtao, Dairen and Port Arthur, in addition to the private ones at the American, Japanese and Italian Legations at Peking.

In November, 1917, the Minister of the Chinese Navy signed a contract* with a Dane for the establishment of a wireless station

with sufficient power to connect with European and American stations, but as this contract was believed to have German connections it was protested against by the Allied governments. The contract was cancelled, but a short while afterwards an agreement to provide a wireless station or stations was signed by the Chinese Government with Japanese interests. Whether the cancelled agreement was taken up by the Japanese or not is not known, no publicity having been given to the contract.

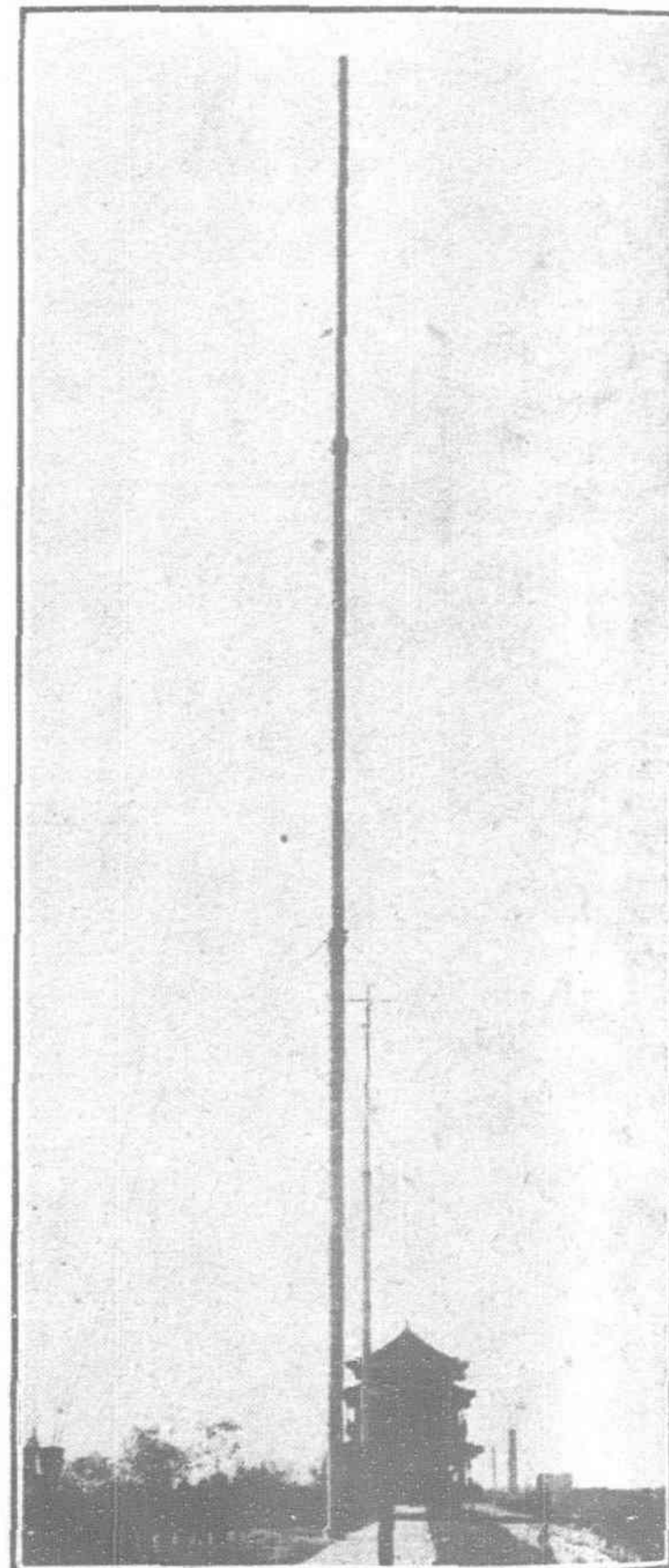
On August 24, 1918, the Chinese Government signed a contract with the Marconi Wireless Company, Ltd., for the purchase of two hundred wireless telephones for the use of the Chinese army, the telephones to have a radius of forty miles. In this connection a loan for £600,000 at 8 per cent., repayable in ten years was, we understand, offered on the London market at 105 on October 21 and was closed on the 22nd oversubscribed.

On October 9 the Marconi Wireless Company signed a more important contract with the Chinese Government calling for the erection of three stations in far-flung parts of the Republic. Each station is to have a capacity of 25 Kw., and they will far exceed in power and range of transmission any station in the Republic. They will be erected at Kashgar, Urumchi (in Sinkiang) and Lanchowfu (in Kansu province), respectively, and will connect with a smaller station to be erected at Sianfu to act as an auxiliary to the present land line system between these points, thus ensuring reliable and constant communication between distant Kashgar and Peking. Three steel towers, each of 300 feet in height, will be erected at each of these points, and the equipment is specially designed so that the weight of the heaviest piece will not exceed 350-lbs. to overcome the difficulties of overland transportation. When completed the system, as a purely commercial circuit overland, will exceed in length any in the world.

The equipment is to be ready for shipment from a British port within six months of the execution of the contract, and a British installation engineer will immediately leave London for consultation with the Chinese officials in Peking for the selection of sites, the making of arrangements for transport, and the assemblage of the working crew of junior construction engineers, all of whom will be selected from the Chinese Government service.

This contract does not carry any loan with it, though funds for erection will be advanced by the Company, the funds to be disbursed, however, under the supervision of the British engineer.

In connection with the American installation at Peking it is of interest to note that a reinforced concrete wireless mast was recently completed for the United States Navy Department on the wall of the Tartar City of Peking near Chien Men. This mast is worthy of notice as a unique piece of reinforced concrete construction and as the first instance of the application of the principles of reinforcing concrete to the design and construction of a column having the dimensions of this mast. It is 150 feet above the top of the wall and forms a continuous column of reinforced concrete 18 inches in diameter at the base and 12 inches at the top. The weight of the complete structure is approximately 30,000-lbs. and includes 2,500-lbs. of reinforcing



REINFORCED CONCRETE MAST, PEKING.

*The terms of this contract were published in the REVIEW, April issue, 1918.

steel and 160 cubic feet of concrete. Twelve guys, fastened to four anchor blocks located in the grounds of the American Legation and on the wall, secure the mast in a vertical position.

The method of construction consisted of erecting scaffolding and forms, setting the reinforcing steel in place and then pouring the concrete, extending the scaffolding and forms until the ultimate height of 150 feet was reached. This difficult piece of construction was carried to a successful completion within the short time of seven weeks from the date of commencing the work. Messrs. Andersen, Meyer & Co. were the engineers.

Japanese Loans to China

Some Japanese Papers Comment unfavorably upon the Transactions

Several newspapers published in Japan have commented interestingly upon the loan situation, and from the "Japan Chronicle" we take the following:

Some details of recent Sino-Japanese loans, which we reproduced from the "Hochi" a few days ago, were evidently based upon a statement given out by the Terauchi Government on the eve of its retirement, for the purpose, it is presumed, of showing off what it regarded as a record of skilful financial achievement in China. As an editorial in the "Tokyo Asahi" indicates, the conclusion of these loans by the Terauchi Government without fixing essential details is not received in Japan favorably. The wisdom of the retiring Government in making public the fact of the conclusion of these loans at the present moment is particularly criticised. On this latter point "a certain well-informed person" is quoted by the "Asahi" as passing some bitter comment upon the action of the Terauchi Government.

The authority quoted rightly remarks that when it is remembered a number of Chinese papers have recently got into serious trouble for giving publicity to details of these loans, and that the conclusion of these contracts are freely criticised by foreign journals, the official publication of the details by the Japanese Government at this juncture is most desirable, being likely to intensify misgivings in Chinese minds, thereby affecting relations between the two countries as well as the future of the loans concluded.

The publication by the Finance Department in Tokyo of these details was particularly unfortunate in view of the fact that the Japanese Legation in Peking and the Foreign Office in Tokyo were actually denying the loan rumors in a most emphatic manner! The only result of the extraordinary step taken by the Finance Department will be to disclose the lack of unity in the policies pursued by different Departments of the Tokyo Government, and to damage the prestige and credit of the Japanese authorities abroad.

The extension of natural rights and interests is, of course, a matter for congratulation, the anonymous authority quoted proceeds, but since Japan's rights in regard to advancing loans to China for the construction of certain railways in Manchuria, Mongolia, and Shantung are recognized in treaties already entered into with China, there was no occasion to make public details regarding loans on account of these railways, and this even before all the terms are fixed. The authority goes on to argue that in concluding loans it is essential that the greatest importance should be attached to the furtherance of the mutual interests of the parties concerned, and every care should be taken to ensure the proper employment of the money by the borrower in promoting the enterprise the loan is intended for. In this respect, the arrangements under notice leave much to be desired. The Kirin-Amur forestry and mine loan has aroused a great deal of opposition among the Chinese authorities and people in the districts concerned, and this strong opposition, coupled with the possible infringement by this loan contract of Russia's right of deforestation provided for in the Chinese Eastern Railway Agreement, makes it very dubious whether the money will be really invested in the enterprise it is supposed to be advanced for. This consideration, however, was put aside by the Terauchi Cabinet deliberately, and a loan of 30,000,000 yuan was arranged for the Chinese Government only to be employed for the promotion of the selfish interests of the Tuan party. In the Bank of Communications loan Japan accommodated that Government to the extent of 25,000,000 yuan, but in view of the fact that irregularities in the Bank have been recently divulged, it is clear that the loan, originally intended for the assistance of the Bank, has not been put to its proper use. That no portion of the telegraph loan, involving 20,000,000 yuan, was employed by the Tuan Government for the purpose mentioned is common knowledge in China. The loans recently mentioned by the Finance Department included a military loan of 20,000,000 yuan, which the Foreign Office authorities have persisted in denying the existence of. The avowed object of this loan is to defray part of the expenditure incurred on account of China's entry into

the war, but it is suspected that the Tuan Government intends to employ the money for the establishment of a military training school. Thus the authority quoted comes to the conclusion that seven Sino-Japanese loans, involving the total sum of 145,000,000 yuan, are likely to be used by the Peking Government for the purpose of defraying war and electioneering expenditure instead of promoting the enterprises for which they are ostensibly designed. These loans are:—

	Yuan.
Bank of Communications loan	25,000,000
Telegraph loan	20,000,000
Kirin-Huinei Railway loan (advanced)	10,000,000
Kirin-Amur forestry and mine loan	30,000,000
Manchurian and Mongolian railway loans (advanced)	20,000,000
Shantung railway loans (advanced)	26,000,000
Military Agreement loan (advanced)	20,000,000
Total	Yuan 145,000,000

It is not clear how much of this money has actually found its way into the hands of the Tuan party, but it is more than likely that the greater portion of this great sum has been put to improper use. As one of the chief reasons for believing this, the person quoted points to the fact that during the past twelve months the Peking Government has had a deficit on its expenditure upon punitive operations against the South at the rate of 15,000,000 yuan per month.

Distribution of Honors—to Negotiators

A number of Orders and Gold Cups have been conferred upon military officers "in appreciation of the services rendered in connection with the conclusion of the Sino-Japanese Military Agreement." The recipients include General Tanaka, late Vice-Chief of Staff and the new Minister of War, and General Aoki, Military Adviser to the Chinese Government, both of whom have been granted First Orders of the Sacred Treasure.

Orders and decorations have also been conferred upon nine officials "in recognition of the services rendered with regard to loans to China." They include Mr. Shoda, late Finance Minister, Mr. Ichiki, late Vice-Minister of Finance, Mr. Shinno, Director of the Financial Bureau in the Finance Department, and Dr. Kobayashi, Japanese Financial Agent at Peking. Mr. Shoda and Mr. Ichiki being recipients of the First Order of the Sacred Treasure. Mr. Nishihara's name, it will be noted, is not included; for one thing, he is not an official.

According to official figures, the loans made to China during the two years the Terauchi Cabinet has been in office total about Y.180,000,000 so far as the loans on which money has already been advanced are concerned, Y.129,660,000 being advanced to the Peking Government, Y.16,250,000 to provincial Governments, and Y.34,141,500 to business companies or individuals. When the other loans concluded, on which no money has yet been advanced, are taken into consideration, the aggregate amount of loans made to China will come to well over Y.200,000,000, as compared with Y.120,000,000 which represented the total amount of outstanding loans due from China just before the formation of the Terauchi Ministry two years ago.

Exports of Goatskins from Chungking

(By U. S. CONSUL G. C. HANSON, CHUNGKING.)

From an export of 590,528 pieces of untanned goatskins in 1903, Chungking's trade in this article gradually expanded, until in 1916 2,342,852 pieces were exported. The export figures for the last five years follow: 1913, 1,562,857 pieces; 1914, 1,032,944; 1915, 1,933,011; 1916, 2,342,852; and 1917, 1,088,035 pieces.

Since the outbreak of the war in Europe local importers of cotton yarn have taken advantage of the exports of goatskins to Shanghai to finance their purchases there of yarn intended for West China. In 1916 there was a big demand for goatskins in the United States in order to fulfil contracts placed by the allied Governments. Prices advanced enormously, being at one time three times as high as in 1915, and on the average at least double as high. During the first three months of 1917 speculative buying continued and prices increased to four times the normal level. The American market evidently became overstocked. This factor, coupled with the uncertain conditions resulting from America's entrance into the war and the fear of possible price regulation, caused an absence of demand and a heavy fall in prices at the end of 1917. Hence the exports during 1917 fell below the figures for 1915, and many local dealers who had bought with the idea that the unprecedented demand would continue were hit heavily. Political troubles had a deterrent effect on the export of skins toward the end of 1917.

Goatskins from Chungking are prepared for the foreign markets and for transshipment abroad at Hankow.

The Far Eastern Review

A Monthly Review of Far Eastern Trade, Finance and Engineering, Dedicated to the Industrial Development and Advancement of Trade in Far Eastern Countries

ENGINEERING

FINANCE

COMMERCE

5 JINKEE ROAD, SHANGHAI, CHINA

Telegraphic Address: Farview, Shanghai

Address all Correspondence to

FAR EASTERN REVIEW, 5 Jinkee Road, Shanghai, China

PEKING OFFICE.—23 Tsung-pu Hutung, East

JAPAN OFFICE.—Tomei Club: No. 1 Building, 6 Ichome Uchisaiwai-cho, Kojimachi-ku, TOKYO

MANILA.—Fleming, Percy Smith and Seth, Roxas Building, Room 217-218, Escolta, Binondo, P. O. Box, 214.

UNITED STATES.—J. ROLAND KAY CO., Conway Building, Chicago

GREAT BRITAIN AND CONTINENT.—SOLE ADVERTISING AGENTS, WALTER JUDD, LTD., 97 Gresham Street, Bank, London, E.C.

SUBSCRIPTION RATES: China, Mex. \$9 per year. Philippines, United States, Canada, and Mexico, \$3.50 U. S. C. per year. To all other countries in the Postal Union, Mex. \$8 per year, postage \$2 Mex. extra. Single copies 40 cents U. S. C. or 80 cents Mex.

ADVERTISING RATES will be mailed on application.

Entered at the U.S. Postal Agency, Shanghai, China, as Second Class Matter.
Registered at the Chinese Post Office as a Newspaper.

SHANGHAI, PEKING, TOKYO, AND MANILA, NOVEMBER, 1918

Verb Sap

At the time when China declared war on Germany President Wilson took occasion by the hand to warn the country that the settlement of its internal affairs was even more important to it than any question of participating in the European conflict. Those words fell upon stony deaf ears and China has neither brought her own troubles much closer to solution nor has she managed to contribute anything to the cause of the Allies which she professed to espouse with enthusiasm and vigor. She established an alleged War Participation Bureau for purposes best known to the militarists who contrived to secure control of it, she has made several declarations alleging an intention to intern enemy subjects, and she has sent a few messages of congratulation to other powers in connection with some war development or other. And now the world is on the highway to peace, if signs are being read aright, and China is almost as far off as ever from an adjustment of her own difficulties. Realization of this fact has constrained President Wilson once again to address an expression of friendly interest to China, tacking it, this time, to a congratulatory message to Hsu Shih-chang upon his inauguration as President of China. To all Chinese who appreciate the deplorable laches of those who constitute the so-called Government at Peking the words of President Wilson must be searing to the very soul. The mere fact that they are called for at such a time should raise the blush of shame to the faces of responsible men, and they should be sufficient to stir into intensest action all who have a shred of pride left or a particle of power remaining to wield in the direction of terminating swiftly and once and for all the causes of the ravaging internecine war which has torn China from end to end, which has elevated banditry, ruthlessly and callously subordinated law and order, made a mockery of Republican ideas and ideals, and dragged in the mud the most splendid opportunity China ever has had thrust upon her of attaining a responsible, honored and trusted place in the great League of Nations which will be founded by those who have made the supremest sacrifice to win freedom for the world and its peoples. What China has lost during the past four or five years in the way of opportunity will be realized most bitterly by the

generations yet to come who will have the advantage of studying the history of the most momentous time recorded in the annals of the world. Those officials who have been in power in China during the greatest struggle that this earth has witnessed will be execrated by posterity as certain as that night follows day, for the criminally callous indifference to, and the colossal ignorance of, the tremendous world movement proceeding round and about them. If China's troubles of the past have been ascribed to "the blear-eyed ineptitude of fossilized mandarins" in what terminology will the scribe of the future limn the impotence of those who have neglected, ignored and spurned the magnificent opportunities which have been placed by the world war before them. No country in the world has been placed in such a position of disgraceful inactivity as China has been compelled by her rulers to occupy. Throughout the war she has done nothing for her Allies—nothing for herself; nothing constructive or useful or advantageous. Nothing but set her own people against her own people, killing, and ravaging, to the end that at the eleventh hour the President of a great Republic should feel compelled in a felicitous message to the new President Hsu Shih-chang, on the anniversary of the revolution which overthrew the Manchus and thus presented an unobstructed opportunity for the introduction of Republican government and institutions in China, to address words such as these:

"On this memorable anniversary when the Chinese people unite to commemorate the birth of the Republic of China I desire to send to you on behalf of the American people my sincere congratulations upon your accession to the Presidency of the Republic and my most heartfelt wishes for the future peace and prosperity of your country and people. I do this with the greatest earnestness not only because of the long and strong friendship between our countries but more especially because in this supreme crisis in the history of civilization, China is torn by internal dissensions so grave that she must compose these before she can fulfil her desire to co-operate with her sister nations in their great struggle for the future existence of their highest ideals. This is an auspicious moment as you enter upon the duties of your high office for the leaders in China to lay aside their differences and guided by a spirit of patriotism and self-sacrifice to unite in a determination to bring about harmonious co-operation among all elements of your great nation so that each may contribute its best effort for the good of the whole and enable your Republic to reconstitute its national unity and assume its rightful place in the councils of nations."

A Suggested Solution to China's Constitutional Difficulties

Whether the words of President Wilson quoted above will impress the Chinese national conscience or not remains to be seen. Unhappily President Hsu Shih-chang is surrounded with a group of men whose best interests are served by an uninterrupted continuance of turmoil. Out of the travail of the country they wax fat—and if they manage to succeed in their campaigns they secure definite power and wax fatter still. President Hsu is regarded in quarters as a pacifist, though his early associations were with the very militarists to whom he is now supposed to be antagonistic. Before his assumption of office as President he declared that he was determined to end hostilities and secure a lasting peace, but unhappily he cannot be pinned down to any particular programme for the very reason that he did not subscribe to one. Nor has he at this writing unburdened himself of any real ideas from which might be deduced his possible line of action. To say that ways and means of establishing peace are available is but to proclaim the obvious. The difficult point to decide is whether peace is really being sought. The South claims that it will take peace providing it carries with it proper recognition of the rights of the twice dissolved Parliament, and the North refuses to admit that the Southern Parliament has any rights at all. A deadlock is thus created which will be insurmountable until some man of big enough calibre arises to impose a sane will upon the country—and unhappily there is as yet no sign of such a man.

In the meantime, and recognizing how vital it is to the interests of China that some solution be found, we have invited Dr. W. W. Willoughby to suggest the most feasible plan that occurs to a constitutional lawyer having no prejudices in favor of one particular party or the other and alert only to the peculiar conditions which surround constitution making and parliamentary growth in this country. Elsewhere in this issue we publish his views, and therein he has presented a proposition which demands the considered thought of everyone in China who can contribute to a settlement of the criminal conflict which is proceeding. Dr. Willoughby is specially equipped to deal with the question, and better able perhaps to speak than any other person in this country, and because of that and if the Chinese are sincere in their desire for peace and are broad minded enough to recognize that both sides may be wrong in many respects, his suggestion should meet with the cordial reception it undoubtedly deserves.

While Dr. Willoughby is well known in China it may for emphasis sake be mentioned that he holds one of the most important academic university chairs in the United States—that of Political Science at the Johns Hopkins University, Baltimore, Maryland. He has been President of the American Political Science Association, and was for ten years the Editor of its organ the "American Political Science Review," and is still one of its Board of Editors. He is the author of standard treatises in the field of Constitutional Law and Government, and was for a period legal adviser to the Chinese Government, a fact which explains the interest which he continues to take in political conditions in China. During the past summer he has been on a visit to Peking and has been well placed closely to observe the unhappy situation into which the alleged desire for parliaments is driving this distracted country. The article which he has prepared discusses from an impartial and scientific point of view the legal points raised by the existing unsatisfactory constitutional situation. It will also be noted that the suggestion he offers to bring about a settlement offers all the elements of a reasonable compromise and at the same time would produce a government which all parties could regard as constitutional.

Fighting for Power and Place

The article which Dr. Willoughby contributes to the discussion of the present impasse in China is based entirely on the assumption that the dispute is purely one of a constitutional character. Partisans on both sides can be found who aver that such is the real nature of the trouble—that the North and the South are at loggerheads solely because of their different interpretations of constitutional needs. To a certain extent this is true, but in the main it is a sort of camouflage eagerly availed of by the militarists on both sides to cover up their actual desires. The bulk of the military leaders who are responsible for the strife now tearing the country in two do not possess even the merest rudimentary knowledge of constitutional history or development. It is safe to say that they have not the slightest conception of what a constitution really is, its purpose, or its application, except that it is something which will if operated properly curtail their irresponsible activities. That much they have gathered about constitutional practice and that is sufficient to convince them that they must frustrate every effort to consummate a scheme which is calculated to menace their prerogatives and curtail the exercise of their own free will. The struggle of the Northern militarists against the Southern militarists is, if we reduce the matter so far as they individually are concerned to the last analysis and express it in simple terms, a crude struggle for place and power, and nothing else. It has been proceeding unabated from the time of the overthrow of the Manchus, and when the protagonists have had time to stop and listen to the small voice of constitutionalism howling in the dismal wilderness they have metaphorically wiped the blood of innocent peoples from their reeking swords and cried out to their chief factotums to respond to the attenuated wail by engaging a Constitutional Adviser, "and give him a damned good salary." So China has been a constitutional country in the eyes of its illiterate brigand chiefs masquerading as generals for quite a time for the simple reason that it has had Constitutional Advisers ever since it exchanged the flowing robe and flaunting

peacock feather of autocracy for the chilly sansculottism of Republicanism: a sartorial metamorphosis which has not apparently been appreciated, since two efforts at least have so far been made to get back to the mysteries of monarchism, as it is conducted in China.

The Constitutionalist who have found a voice have used the military and have been used by the military for the furtherance of their respective schemes, but always the Constitutionalist is the one to go under when he has served the purpose of the men with the command of the guns. But in the end he might prevail if he has outside assistance and to the end that such assistance might become available to him he should work with the Allies who are fighting to establish throughout the world "government of the people, by the people and for the people." That appears to be the only hope for the better elements in China, who are apparently unable to accomplish anything by themselves and must depend upon friends to help them to the possession of an ordered government, a properly organized civil service, and a systematized policy of economic, commercial and industrial development.

The Militarists and their Financial Supplies

There is one aspect of the militaristic activity in the North which cannot escape the serious notice of observers interested in the important points embraced in the subject commonly described as "The Far Eastern Question,"—and that is the facility with which great sums of money have been procurable during the war from Japan for expenditure on internal strife in China. In previous issues we have published lists of loans made to the alleged government in Peking against all kinds of security, and it is safe to say that hardly one of the loans has been applied to the purpose for which it was raised. With lavish hand Japanese financiers have scattered wealth, and with lavish hand Chinese officials temporarily enjoying authority have scattered the country's assets. The Chinese have garnered the money and the Japanese have gathered in the assets, the unhappy result arising that the assets are not developed as they should be with the capital ostensibly subscribed for such purpose, and the military leaders have squandered much of the money on devastating the country by continuing a state of war, and have appropriated the remainder to their personal needs. As this sort of thing has been proceeding unabated since the entry of China into the war on the side of the Allies; as the Government of Japan, the "guardian of the peace of the Far East" has taken no step to prevent financial supplies finding their way to the Northern militarists—and maybe also to the Southern—the conclusion is forced upon all detached witnesses that the proceeding has much more behind it than the mere exchange of concessions for coin or coin for concessions.

It is a well-known fact that the troops of China do not fight merely for the sake of any cause and are not animated by any special sense of loyalty to any particular party, but are under arms solely for the pay and the prospective loot that are in the game. Without the regular arrival of their wages they would not advance a step or fire a gun, and except in very rare cases they are open to purchase by the highest bidder who can give—to them—satisfactory guarantees of financial stability. In this we are referring to the men in the ranks. Many officers are, of course, persuaded to action by some principle or other, but without money none of these could command an army to support them against any sustained opposition. It is known that no general will attempt to move his troops unless he has his desired quota of dollars in boxes as part of his baggage, for the simple reason that he knows that the eyes of his troops will search for this essential part of campaign stores before they will put one foot forward—nor can they be bluffed with specie boxes filled with bricks. A few months ago when the Northern Tuchuns held their conference at Tientsin and decided that they would proceed with their campaign to "crush the South" the various generals detailed to carry out the "crushing" promptly submitted a claim for an advance of money running into many millions of dollars. General Tsao Kun, the most recently baulked aspirant to Vice-Presidential honors, was deputed to lead the offensive by the northern forces and his modest demand for cash totalled \$15,000,000 per month. The bulk of the first month's pay was immediately forthcoming, but to this day

he personally has not left the purlieus of the Capital, nor have any of his troops resumed operations.

The vast amount of capital squandered in this way has been coming from Japanese sources, and though the recently departed Japanese Government was fully aware of this fact it took no step to prevent the perpetuation of the strife which instead of doing good has generated chaos, disorganized administration, and dislocated commerce and trade. Above all the civil war has prevented those Chinese who really would like to assist the Allies in some way or other from turning a hand in this direction. The Terauchi Government cannot escape responsibility in large measure for this deplorable state of affairs, for at any moment during the past year or so by issuing one command it could have prevented financial supplies being made to the Northern militarists. We blame the Chinese officials responsible for the wanton disposal of the country's resources for their reckless and criminal disregard of the nation's welfare, but if the Terauchi Government had really lived up to Japan's claim of being the guardian of the peace of the Far East it would have gone out of its way to foster Allied interests rather than ignore those interests for, apparently, the direct immediate and future sole benefit of itself, and would consequently have left no stone unturned to see to it that strife in China was not rendered possible of continuance by unceasing supplies of money from Japan. It seems to us that Japan in this respect has signally failed in her stewardship as the guardian of the peace of the Far East, and how she will explain matters to her Allies when the great settlement takes place we cannot conceive, unless, of course, she boldly repudiates the acts of the Okuma and Terauchi governments.

The outstanding fact presents itself formidably that the Terauchi Government has allowed loan funds for industrial purposes to be diverted to continue the chaos which has prevented China assisting in anyway the great cause for which enormous blood and treasure have been lavishly expended in Europe by the Occidental Allies. And in an endeavour to arrive at some understanding of this striking anomaly minds accustomed to *a priori* reasoning cannot be prevented from applying themselves to close consideration of the landmarks featuring the road of political development in the Far East since the war began. The result of this process of thought is that competent observers have developed the substantial theory that the Terauchi Government has been peculiarly interested in refraining from deliberate friendly interference in the affairs of China:—that is, in the exercise of its power as "guardian of the peace of the Far East" it has neglected to act with the object of bringing the factions of China together, or of keeping them from falling apart, so that national development should proceed unhindered and along lines subscribed to by the Allies and frequently emphasized by President Wilson as spokesman for the Allies. It is deduced by critics that the Government responsible for the diversion of funds conceived the idea that it is, or should be, the policy of Japan to prevent China appearing at the Peace Conference, argument on this line being based on the fact that Japan originally strongly opposed China's entry into the war. That was the Okuma policy at all events, and it would appear that the Terauchi administration, though it denounced the Okuma adventure with the notorious Twenty-one Demands, deemed it a prudent and advisable policy to sustain. Certain it is that the Government of Japan in the fall of 1915 flatly discountenanced the proposition put to it in Tokyo by the British, French and Russian Ambassadors that China should declare war on Germany, and certain it is that nothing transpired after that to cause Japan to alter her mind on the subject, lest it be, of course, a change of administration. That such was the case is discounted by the fact that ever since China entered the war—the invitation of America affording her the opportunity to do so—there has been revolution in the land—revolution which could not have lasted more than a very short period had it not been for the financial sustenance advanced to the militarists controlling the Peking Government from funds raised ostensibly for the development of certain industrial concessions. The civil war thus fostered has not only prevented China from doing the slightest service in aid of the Allied cause but it has, from day to day, tendered more and more to lessen China's chance of a reputable seat at the Peace Conference. Her voice is stilled by her failure to contribute one thing to the war as an Ally, and her "face,"

even to appear at the Conference, has been sacrificed by the distraught character of the affairs of the country. In short, by her own folly she has been prevented from taking advantage of the most momentous opportunity the world has seen to secure for herself a respected place in the comity of nations, and to have her international affairs adjusted and placed upon a proper basis. President Wilson has warned her that there is yet time, but the significance of the warning goes unheeded.

When the American Government invited China into the war it was with the hope that China would be able to rehabilitate herself, but no assistance to this end was rendered by her nearest Ally. It may be argued, of course, that the Japanese Government could not prevent the Peking Government utilizing loan moneys as it desired. To an extent that is true but this it could have done—it could have prevented the transmission of any money raised for industrial purposes to China unless under the strictest guarantees that such would not be misappropriated. Or, failing that, it could have followed the precedent set by America some years ago when it withdrew support from banking institutions in order to prevent Americans being associated with any move which might interfere with the proper conduct of the internal affairs of China. What has happened is that loans amounting to over Yen 200,000,000 have been allowed to come from Japan and be utilized for the support of a destructive militaristic government, thus preventing unity between north and south, contributing to the devastation of vast tracts of country, and undoubtedly placing China out of Court so far as any respectable standing at the peace conference is concerned. Had the loans been utilized for the development of industry, the betterment of economic conditions, or the promotion of means of communication, on the basis of undertakings with other nations, no one could or would have said a word in criticism. In that case such loans would have been contributions to national improvement which would have had a general beneficial effect in the future, and we feel sure the commercial and industrial men of Japan would have been better satisfied had they been used in this manner, since the method employed is certain to react upon the whole situation immediately the Allies are able to devote attention to it.

In the meantime the Hara administration, which has already announced that it intends to look with a critical eye into the loans, since some of them appear to encroach upon other rights, has the opportunity of making some amends for the appalling conditions made possible by the policy of its predecessors, and forthwith stop further financial advances to the Peking Government. This is the least it can do, but not the most. The Hara Administration can and should hasten to remove the reproach that Japan is standing in China's way, a belief that is held by all observers living in China, and it should give definite proof that the ills that have accumulated in this unhappy country are regretted by Japan and will be corrected by her so far as lies in her power.

As the "Peking and Tientsin Times" says in an editorial on October 18: "It seems time that the Powers who endorse President Wilson's view of international relationships and responsibility should indulge in the expression of something stronger than a *hope* that the unhappy differences between North and South may be settled—that as in the case of the militarists of Germany, those of China should be notified clearly, and frankly, that their power will be destroyed, or reduced to 'virtual impotence.' The chief obstacle to such a step—we may as well be quite frank—is Japan. Unless she will renounce the selfish attitude evidenced in the silver embargo question, and in the loaning of money for the purpose of establishing a claim to commercial monopolies, there can be no hope of early peace in China. Yet it ought not to be unreasonable, in view of the recent political changes in Japan, to expect such a renunciation. If the late Government was subservient to certain financial interests, there is no reason why Mr. Hara, a commoner, and the chosen leader of a popular party, should follow in its steps. It may be to the interest of certain cliques in Japan to foment and protract strife in China, but the nation at large cannot conceivably have any interest in such a policy. The nation at large derives no benefit from reckless loans to unscrupulous Chinese officials; it *would* benefit substantially from the restoration of peace and the increased prosperity of China that

would follow in its train. And the Japanese Government of to-day, if it really values its prestige abroad, can hardly tolerate, in China, conditions which its Allies are determined once and for all to end in Germany."

After the above was written, and just as we are going to press, we learn that the Hara Administration is taking a serious view of the situation which has developed in China from causes referred to above, and has decided to take action. According to a telegram despatched by the semi-official Kokusai Agency, the new Government, being free from association with the economic loans concluded during the regime of the Terauchi Ministry, is regarded as fitted to adopt a new policy in China. The Hara Administration recognizes, says the telegram, that these loans "had the effect of helping the Tuan Chi-jui Government in China and invited the suspicion and distrust of the Southerners." In consequence the Government is reported to have decided to take the initiative to effect a reconciliation between the opposing factions in North and South China by "serving friendly advice to the President and leading politicians on both sides. . . . The advice will, it is believed, be couched in purely friendly terms which will very carefully avoid formal intervention." A report was current in Peking, too, at the end of October, to the effect that Japan had agreed with the Allied Governments for Allied mediation in China. If this is borne out by action calculated to assist China it will be the consummation of wishes of many important Chinese and foreigners who have regarded with dismay the chaos into which the country has drifted. The Hara Government has a splendid opportunity to remove all suspicion and ill-feeling, and sane action will redound to the credit of Japan and the benefit of all interested in China.

China's Postal Service in 1917

At a time when there is more talk in the air on the question of the necessity of foreign financial control in China than ever there has been appears the report on the working of the Chinese Post Office for 1917. This is one of the few Chinese services which is directed by foreigners and which, like the brook, "goes on for ever" no matter how revolutions and monarchies and republics and parliaments may come and go. And it goes on efficiently solely because it is foreign directed. The Maritime Customs is the only other Chinese institution which, like the Postal Service, holds its own against the demoralizing influences of Chinese peace disturbers. Had the Maritime Customs or the Postal Service been under the control of Chinese officialdom during the past eight years it is safe to say that both would have been bankrupted and demoralized, for the revenues would have been dissipated long ago for the purpose of sustaining one political party or the other. Although the Salt Administration is under a foreign Co-director whose guidance has been of tremendous value to China it is not, like the Customs, foreign controlled. The result is that revolutionary factions have from time to time seized salt funds in various provinces and have used them for their own purposes. The organization of the postal service of China is one which reflects the highest credit on all who are connected with it, for the reason that it has withstood the damaging crises which have brought the native administration of much of the country virtually to a standstill. It has suffered from these periodical political outbursts, as is natural, by the dislocation of communications but it has suffered more in the maintenance of a service from the ravages of bandits and natural calamities. As was the case in 1911, so in 1917, "plague, exceptional floods, famine and civil war" harassed postal operations, and the fact that these words constitute the opening sentence of the report ought to awaken a deep sense of shame in the breasts of those officials who regard themselves as a "government." But despite these discouraging obstructions an enhanced surplus was obtained—\$1,422,000 in 1917 as against \$937,000 in 1916. Mail matter and parcels posted totalled 278,381,400, the parcels numbering 2,640,355. Fifteen million letters, 5½ million postcards, and six million covers containing printed matter were among the items dealt with. The revenue received totalled \$8,546,000, from which has to be deducted working expenses amounting to \$7,124,000, which includes capital expenditure totalling \$606,000. The revenue for 1916 shows an increase of 12

per cent. over 1916, expenditure increasing by 6½ per cent. Both receipts and payments were adversely affected by the Great War and by floods, fighting, and brigandage in China which resulted in a decreased sale of stamps for postage on mail matter but in part suspension of the parcel trade owing to some mail services being interrupted. Considerable loss was also suffered during the year owing to currency complications.

Human interest is lent to the year's story of the service by the frequent reference to the hardship and dangers suffered by the couriers who carry the mail into distant parts of the country either on foot, horseback, cart, sled or camel. Some of these men were at times badly handled by brigands, some being robbed of their horses, taken prisoner or wounded and killed. Some had to swim across swift-running currents with the mails on their heads. Many had narrow escapes, one losing his clothes but saving the mails, though he had to walk a few miles to the nearest village before he could procure clothes. One courier attacked in Shansi province arrested his assailant and took him to the magistrate, a similar thing being done with the assistance of peasants in Kwangsi Province. In Chekiang province a mail escort was killed; one courier was murdered in Kwangsi Province and three in Yunnan, fifteen being wounded in the same province. In Kwantung three were so badly wounded as to be unable to resume duty, and one was killed and many were injured in Kweichow province. In these tragedies are tales of great loyalty to the service, and considerable heroism which ought to be duly appreciated by all who remember what enormous courier lines—some running thousands of miles—have to be maintained to reach the distant parts of the Republic and its dependencies. With the report is issued a postal map of China, which ought to be procured by everyone interested in this country. Its cost is nominal—50 cents silver, and, with the report, \$1.

Expenditure on Public Works in China

Anything more unfortunate than certain deductions recently made in the "Hongkong Daily Press" concerning the money spent on Public Works in that Colony, it would be difficult to imagine. At a time when all thoughtful Europeans are urging the Chinese officials to spend money from the public funds upon Public Works in China, an editorial article appears which suggests that the British engineering officials in the employ of the Hongkong Government are incompetent and extravagant. But there is suggested something else which is equally unfortunate. It is that public works ought to be carried out at the same cost for plans and supervision as the building of houses. The Public Works Department of the Colony of Hongkong may be, for all that we know to the contrary, in a very bad way; although the work carried out by it does not appear to suggest that at all. The recent opening of the large dam at Tytam Tuk,* a part of the very extensive water supply scheme, was made the occasion for all sorts of congratulations and on the whole they were well deserved, for the dam was a very fine piece of engineering work. The introduction of motor traffic created a new problem for that section of the local P.W.D. which was concerned with road maintenance and it must be said, in fairness, that the new roads are worthy of great praise. We do not wish to say that the Public Works Department of Hongkong, or for that matter, of Shanghai or other places, should be placed above criticism. On the contrary, we think that it is all to the public interest that the searchlight of publicity should be thrown upon any government or municipal undertakings. But it is right and proper that the criticism and the deductions made from published figures should be founded upon logic and facts. Especially should the layman be very careful about criticizing work of which he understands only a little. We have the highest conception of the duty of journalists, especially in the Far East, where the "hush, hush" policy is so popular. But we always remember that there is a very important branch of journalism which requires men with a technical knowledge as journalists. In this matter of the recent wild criticism of the P.W.D. of Hongkong, either somebody has been manufacturing a mare's nest, or else a layman has jumped too rapidly to (erroneous) conclusions.

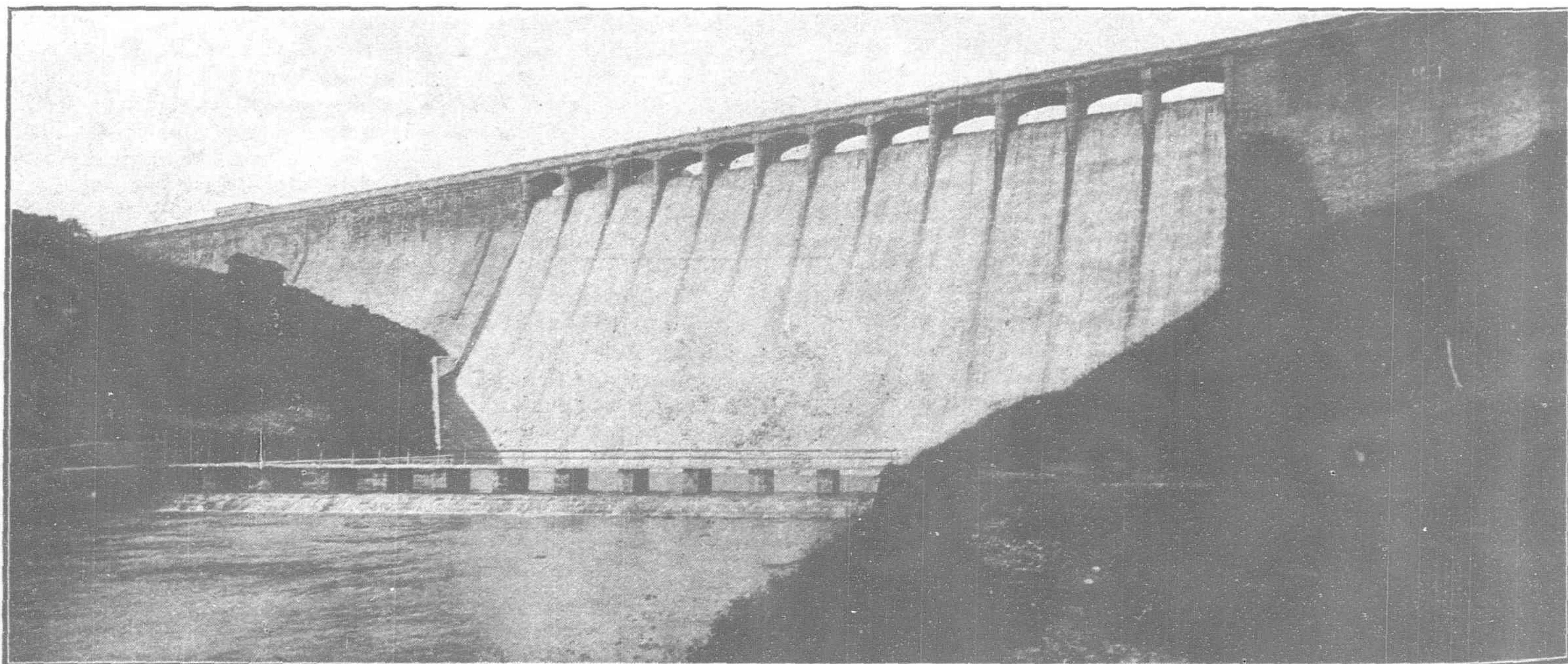
*Construction described in FAR EASTERN REVIEW, June, 1918.

A few weeks ago the usual annual practice of laying estimates of expenditure before the Legislative Council of Hongkong was carried out. The revenues of the Colony, despite the war, are in a most flourishing condition. We are very pleased indeed to notice that despite the very large contributions made to the Imperial Government for war purposes out of revenue, it has been possible to appropriate \$2,294,500 (Hongkong currency) upon local public works, recurrent and extraordinary. It is a matter of congratulation that during the last ten years the expenditure estimated for such works has been a total of \$19,757,285, although there have been four years of warfare such as the world has never seen. Figures like these show, not only that Hongkong is in a very flourishing condition, but that the Government fully realize its responsibility to the public. It can be said that, on general principles, the more money that is spent on public works, the better is the prospect of the rapid development of a district. It is difficult to give figures to show how much it profits the community to have public works carried out. For example, in Hongkong large sums of money are spent annually upon the training of nullahs. That is done because medical researches of recent years have demonstrated that mosquitos spread malarial fever. The pestilential little insects breed in stagnant water. Therefore instead of allowing the small hill-side streams to find their own way down to the sea, leaving stagnant pools on the way, the Government of the Colony of Hongkong has arranged that the Public Works Department shall construct open drains down the hill-side, called nullahs; these ensure that the water shall have an easy and definite path to the sea. Such nullahs sometimes do not actually cost very much to construct, but they take up a great deal of professional time in the laying out, and in supervision. The result of the nullahs has been of inestimable value to the community, for it has been demonstrated again and again that where mosquitos have no facilities for breeding there is little or no malarial fever. Yet the nullahs are not rented; they are a dead capital expenditure. But it is worth noting that the best way of persuading people to open up new parts of the Colony for building is to make proper nullahs. The enhanced revenue to the Colony by reason of the extension of buildings is probably much more than the total cost of the supervision or the construction of the nullahs.

The same sort of thing might be said about other public works in any country. An expert might be called in to advise as to whether the public in the electrical tram cars in Hongkong are really safe from the dangers of electrocution. He might spend about \$200 on apparatus necessary for the tests, and he might reasonably charge a fee of \$2,000 for his report. But if we are to confine ourselves to a basis of 5 per cent. remuneration on capital expenditure, as the local newspaper suggested, we should have to pay the expert \$10 for his services. We are,

indeed, reminded of a story told by a well-known consulting engineer who refused to discuss the value of his work and merely stated his fees. A certain village council had some difficulty with the local drainage system, and an engineer from a neighboring town was asked to put the trouble right. He arrived, quickly diagnosed the case, and instructed a local building contractor what to do. The result was entirely successful. In due course the engineer sent in the bill for ten guineas. The village council, composed entirely of non-technical men, boggled and haggled about paying the fee; and finally the chairman saw the engineer. He put the case of the council by saying that after all the engineer had only been in the village for half-an-hour, and making full allowance for the journey, the visit could only have occupied about two hours of his time. The engineer listened attentively and promised to send in an amended account. This he did. It contained two items, one was "To time spent in connection with a drainage problem, one guinea." The other read, "To knowing how to solve the problem, nine guineas." The layman is very apt to overlook the value of the last mentioned item. He is also difficult to persuade concerning the expenditure of public funds on engineering works. The mischief of extreme neglect can be seen in the public works of China, such as the Grand Canal. It is really one of the worst features of the Chinese that they will not spend money unless they can see an immediate return for it. But if you can be sure of an immediate and profitable return, the work can, and should be, done by private enterprise. No public works department should attempt to do ordinary building work; that should be left to private enterprise. But in a hilly place, such as Hongkong, the Public Works Department should spend money on work which is immediately unremunerative, such as the cutting of new roads, the training of nullahs, the maintenance of retaining walls bordering the roads, the provision of typhoon shelters and the extension of telephones and other methods of communications to outlying parts of the Colony.

We have noticed, with great interest, the recent astonishing growth of the Colony of Hongkong. We have maintained, with pride in the Anglo-Saxon race, that, despite some of the ridiculous customs of the Government service, by which an official may one day be a magistrate and the next the Director of Education or the Postmaster General, yet the Colony is well-governed. It is, at any rate, a pattern for the neighboring city of Canton. We have not the slightest sympathy with officials in Hongkong who are too sensitive to answer inquiries or who think that their official positions entitle them to behave like the Chinese Mandarins of the old days. Reasonable criticism is to be welcomed. But time after time the technical journals in Great Britain have pointed out the ridiculous statements which have been made in daily newspapers concerning technical matters.



THE TYTAM TUK DAM, HONGKONG

We should fail in our duty if we did not protest against the suggestions made by the "Hongkong Daily Press" as a result of a cursory comparison of certain statistics connected with engineering work. It practically asked the public to believe that because the cost of the salaries of the staff of the local public works department is 22 per cent. of the annual average expenditure, and because it is a local custom to pay architects and engineers 5 per cent. commission on the capital expenditure as a professional fee, therefore the engineers in the Public Works Department are either very incompetent—or goodness only knows what else! We think that on matters of a technical nature such as that, the editors of English-speaking newspapers in China would be wise to consult technical experts before making such unfortunate comparisons. We want to encourage the Chinese to spend money upon public works, not to frighten them out of it. Nor do we want them to suppose that all engineering work can be done on a five per cent. basis. Indeed it is only routine work that can be done on such terms. The higher the class of work, the more expert the advice, the further away from such standards of remuneration do we drift; and yet the one thing that we want to impress upon the Chinese more than anything else is that expensive expert advice in engineering work is usually the cheapest thing that can be obtained. The expert does his utmost to save capital expenditure. Many may not have heard of the American definition of an engineer which says that he is a "man who can do for one dollar what any fool can do for two." We hold no brief for the Public Works Department of the colony of Hongkong; but we can ask for a square deal for the engineers. If there is any suspicion that the service is not what it should be the public has a right to demand a full and searching investigation. But there must be reliable evidence to warrant any statements of incompetency that are made. The astounding deductions made in the local newspaper could not possibly convince an unbiassed engineer that there is any cause for inquiry. Indeed, when we compare the salaries paid to the engineers in the Public Works Department of the Colony with those paid to men in the cadet service, and compare the prospects for promotion, we arrive at the conclusion that the Hongkong Government is not at all generous, but the reverse, to the engineers in its service. We believe that it is economy to get good men by offering terms and prospects which will attract and retain the best type of man in the Government service. That is what we want China to do, and we hope that the Hongkong Government will do the same. We want to see much more money spent upon public works in China and we want all of the English and native newspapers to encourage such expenditure. That is the only way in which China can properly develop new resources and govern her people.

A Vice-Presidential Election Scandal

China ought to be an exceptionally well-governed country. It has two parliaments, one President for certain—and probably will have another very soon if the Canton parliament carries out its threat to elect one;—and is making a very hard try to elect a Vice-President. If the Northern faction can successfully manage this latter important task, the South will in all probability follow suit, and then we will have two Parliaments, two Presidents, two Vice-Presidents and swarms of administrative offices which will administer nothing worth while.

In any other country boasting itself a Republic, Presidential and Vice-Presidential elections would be carried out as a matter of course, on schedule, and with more or less expedition. In China there are many factors which combine to make electioneering of this sort a business of real seriousness—and considerable profit.

Some few weeks ago rival candidates for the Vice-Presidency who happened to be commanders of considerable armed forces were marshalling their men in strategic positions in the vicinity of Peking, and the populace fully expected eventually to see them at grips in good and earnest. General Chang Tso-ling, the Tuchun of Fengtien, considered that he had more imposing claims to the Vice-Presidency than General Tsao Kun, the Tuchun of Chihli, and was ready to fight for it. Tsao Kun was equally sure that he

would not only make a superior Vice-President, but that he had a more solid claim to the position, and was also ready to fight for it. Troops were shifted in train loads from place to place near the capital, and when everything began to look very serious the wire-pullers at Peking became alarmed and put their heads together to avert an unpleasant and unprofitable contretemps. Primarily the trouble was generated by the military magnates at the capital. Tuan Chi-jui, the Premier, and the leader of the war party—that is the war-on-the-South party, for the European war never enters their heads—was anxious that both generals should take their troops to the Yangtze and beyond, and there dress the so-called rebels down in a manner befitting the reputation of Northern soldiery. Both generals displayed complete and touching indifference to the proposal.

General Hsu Hsu-chung, familiarly known as "Little Hsu"—to distinguish him from the President, Hsu Shih-chang—the Fidus Achates of General Tuan Chi-jui, contrived a scheme to set the dilatory generals operating, and to Chang Tso-ling he went and confidentially guaranteed to have him elected Vice-President if he would utilize his troops, which had been brought from Mukden, according to the Premier's plan. A similar "confidential" proposal was made to General Tsao Kun. How long a matter remains confidential in China just depends upon the distance between the original recipient and his nearest friend, or the nearest friend of his servant. Within a day the newspapers had it that Tsao Kun had been offered the Vice-Presidency if he would lead his troops and suppress the South, and within another day they also knew all about the offer to Chang Tso-ling. And because Chang likewise knew what Tsao was up to and Tsao knew what Chang's little game was the shifting of troops above mentioned took place to the great anxiety of the farmers and the people about the capital, and to the great delight of all the newspaper correspondents and political advisers and diplomatic representatives who are allowed by Treaty to live within the Tartar walls. They all smelt some diversion, and the appearance of a number of Tsao Kun's cavalry at Tungchow, a few miles from Peking, and to the rear of some of Chang's troops, gave distinct color to the belief that once again Peking would have a pyrotechnic display, a pompous pandemonium, and maybe an exhilarating aftermath. "Little Hsu" had put his foot in it in guaranteeing two men the Vice-Presidency. In any other country it would be regarded as extraordinary if any military officer could guarantee election to even one man. In China things are necessarily different. Here elections are controlled, but it must not be supposed that they can be controlled to elect two Vice-Presidents where there ought to be but one. There is a "constitution"—and though this may provoke a retort that anyone can make a constitution in China, and through it legalize the election of any number of Presidents and Vice-Presidents, the anticipated retort can be ignored. There is a constitution of sorts which sets it out that only one Vice-President is needed, and "Little Hsu" is a respecter of constitutions, so he says. His intention was to induce both Generals—ignorant of his duplicity—to proceed on the allotted mission to crush the recalcitrant South. He probably hoped that one or the other would become a casualty of some worth in the process, or be captured or be disgraced. On second thoughts he could not have imagined that either would be captured for no Chinese Tuchun—that is the modern fellow adorned in sky blue raiment with a white plume in his cap—has ever been known to have risked his precious life anywhere within miles of the firing zone in any real "battle" with real opponents. Anyway he hoped that Time—that gentle deity—would somehow enable him to eliminate one or the other, but before Time got a chance to operate the noise of the promise was abroad. "Little Hsu" became involved in a nasty quarrel with both Tuchuns and there descended upon his devoted head the denunciation that he deserved. He lost his command of the troops of General Chang, which had temporarily been given him, and which troops he was gaily moving to suit the purposes of the policy of Tuan Chi-jui—which was not to assist the Allies to beat the Germans. The inevitable compromise saved the people from the presence of devastating hordes of bloody banditry on their farms, and the expectant spectators in Peking were deprived of a flaring side-show. Chang Tso-ling, who was once a Hunghutze, a bandit on the Manchurian and Mongolian borderland, was virtually told that if he could persuade the "parliament" of Peking to elect him he could have the

Vice-Presidency, but that if he couldn't manage that and would not demand that "Little Hsu" be held to his guarantee, then he could have a high sounding title in the Three Eastern Provinces.

To secure election he spent a great amount of money among the purchasable parliamentarians—and most of them are in Parliament to make what they can out of the vanity of their fellow-men or out of their mercenary proclivities—but when the first attempt was made to elect him Vice-President it failed—numbers absenting themselves. If those who refrained from putting in an appearance did not do so because of what was paid to them in coin of the realm, or depreciated bank notes, then they withheld perhaps because they deemed that "honor to the unworthy is but a gold ring in a swine's snout," as it is put in *Silvianus*. Whatever it was history now records that Chang Tso-lin was not elected vice-president of the Chung Hua Min Kuo, and that having had his trial he withdrew his candidature and was rewarded with the appointment of Inspector-General of the Three Eastern Provinces. Promptly he took the wings of the morning, set his face to the north, and went to his headquarters at Mukden, leaving the field to the swashbuckling but unwarlike General Tsao Kun.

Here we have a candidate who has no initiative. Had he possessed such he would certainly have struck out on what in China would have been some novel line to secure election. Instead he looked to Chinese precedent to enable him to impress the voters and the masses. He did not go out on a hustings or stump orate about the country laying down his policy, as would be done by any other self-respecting candidate for such honors in any other self-respecting Republic. Such a thing would have been a decided novelty in China and would have placed him above his fellows, and wouldn't have cost so very much. As it was, and the Chinese press unanimously print and believe this, he regarded what Chang Hsun had accomplished in a domestic direction as the most incontestable evidence that he has the hearing ear and the seeing eye; as the surest method of producing "Hi Yah's" from the populace, and as certainly the most ostentatious system of swank yet introduced. He purchased himself a famous actress for \$100,000 as No. 1 ornament in his harem, and another lesser light for some \$30,000. So he acquired two concubines as a Vice-Presidential decoration. So far as can be gathered the literati, the official drudges, the merchants, the menials and the common coolies were all duly impressed. Deponeth sayeth not what Tsao's fellow Tuchuns thought, though it is evident that this display of heart capacity and largeness of fortune did not "work the oracle" with the members of parliament whose business was to do the electing. For they did not elect him when the joint houses met on October 9, just one day before the inauguration of the President and the anniversary of the founding of this great Republic.

For this event money flowed like water to augment the effect the newly acquired concubines were supposed to produce. It became known a few days before the election that a body of members had decided not to vote, and that they would absent themselves to prevent a quorum being secured. Money, money, money was offered right and left, and by the night of the 8th it was believed that the desired number had been captured, because on the day thereof depreciated bank notes to the value of a million and a half dollars had been placed on the market to buy silver—incidentally affecting the price of notes—and some \$800,000 had been paid out in cheques to various members—the rate being some \$2,000 per man, though a few, stubborn and recalcitrant, were paid \$3,000, according to report. That evening the Anfu Club, which is the mouthpiece of the military in Parliament, held a meeting, counted noses, and expressed themselves mightily pleased. That is they were pleased to believe that they would get their candidate in—and perhaps earn their bribe, though they are not likely to be scrupulous over that. Several members developed considerable agitation when they recalled that they would have to be at the house before the banks opened, and after much discussion on the subject of cheque-cashing some genius solved the problem by suggesting the personal endorsement of the cheques and the utilization of friends—honest friends—to go to the bank and secure cash for the paper. All went to bed happy, with the crisp paper disposed of to the best advantage possible, and while they were assembled at the house of parliament next day, vainly waiting for a quorum, their friends were at the bank

vainly waiting to get the paper cashed. The bank was as obdurate as were the recalcitrant members who would not attend the session and who could not be found by telephone. The bank put off payment or some excuse or other all the morning, it having been advised, of course, not to pay any money against certain cheques until word had been received that the election was a *fait accompli*. And the bank stood by the arrangement, and the friends stood by the bank—tired and weary but hopeful, and growing in number. The supporters of Tsao Kun and his two concubines, who felt they had to get him elected after the amount of money he had outlaid—the sum is set down at \$4,000,000 in silver all told—began to develop contagious nervousness, and as time crept on the Speaker of the Lower House, the strong Tsao Kun supporter, boarded his motor car and visited every haunt where parliamentarians most do congregate, scouring for men. He returned triumphantly with eight, but he was knocked speechless to find that there still was a shortage. The members occupied themselves as best they might up to the tiffin hour and on to four o'clock, mostly wondering, it is to be supposed, how they would spend the great amount of silver that their friends had no doubt by then secured for them. By four o'clock it became obvious to "Little Hsu," who had something at stake on this function, that there could not be a quorum. It had been discovered that a tiffin party was going on at the Zoo, at which a number of members were present, and a raid was made by the indefatigable Speaker, Wang I-tang, who sped out with five empty cars behind him, but he arrived to find the tiffiners gone and the meal consumed. They had had warning and had fled. Mr. Wang's return satisfied "Little Hsu" that the game was hopeless, and the bank was promptly instructed by telephone not to pay on any cheque. The faithful friends who had been hanging on to the cheques and a vain hope from before nine o'clock in the morning glowered at the banking officials and repaired to their rendezvous with the cheque-owners to impart the bad tidings.

What happened to the sad and waiting Tsao Kun is not told, but before the meeting dispersed Mr. Wang I-tang addressed those assembled and remarked that it was a serious thing that they could not elect a Vice-President, and spoke feelingly of the disappointment that would be suffered by the expectant candidate. He suggested having absent members arrested and punished, and implored all those who had attended that day to come again on October 16 and bring some absentees with them. The members thus addressed who began to suspect that their money had not been forthcoming voiced their opinions on the subject and declared that they would not be caught again, that they must be paid in advance for attendance. This was agreed to and it was arranged that next time they would get \$2,000 silver for attendance and an additional \$1,000 after the election was effected. So the members, who already draw a salary of \$400 per month, stand on velvet anyway, while the would-be Vice-President has his two concubines to comfort him and a much reduced banking account—and China has a Parliament which has elected a President; a Parliament whose hands are stretched for bribes to elect a Vice-President; a Parliament which has been recognized by the anti-militaristic, constitutionally governed Ministers of Allied and neutral countries as a properly organized, responsible institution!

This story has been told in almost the bluntness of the talk of the cook shops of the Chienmen to bring home to Occidental readers what the precise situation was on October 9. What is stated above was published freely in the Peking native papers, and was discussed in foreign Legations and salons and Chinese mansions. No one appeared to be ashamed of it. The foreign community was amused, and the Chinese who expected great things were angry and disappointed at the failure of their hopes. That things like the above could happen in a Republic is almost unbelievable, but it is characteristic of Peking parliamentary life. Unhappily the Chinese parliamentarians learned what bribery means when Yuan Shih-kai was preparing to fight the Kuomintang in the first year of the Republic, and money is now freely demanded and used on all occasions where voting means anything to anyone. The farce which took place on October 9 is surely sufficient to convince foreign nations that China as it is at present drifting on—one cannot say governed or administered, for it is neither—has forfeited the right to be considered a properly organized State?

To complete the record it must be chronicled that on October 16 the third attempt to elect a Vice-President

again failed for a reason similar to that which rendered the two previous attempts abortive. Tsao Kun was again the candidate, but there was no quorum because the anti-militaristic party, which is also the peace party, invited sufficient members of Parliament to Tientsin to form a Peace Society to prevent a quorum being secured in the Capital. It is stated that a special train laden with a couple of hundred thousand dollars was despatched to Tientsin to bring back sufficient men but we have no proof of this statement, though we haven't a doubt it would have been done if deemed worth while. So completely did this manœuvre defeat the aims of the militarists that they gave up attempting to elect a Vice-President, and Tsao Kun with proper decorum issued a public statement that he had no wish at all to be elected Vice-President and that he was a soldier who "only knew how to do his duty." What he means by that is uncertain, since he has so far failed to obey "orders" to go south and emulate the Allied offensive in Europe by pushing the enemy back. The result is that the Republic has no Vice-President for the time being, and a way is open for a compromise with the South which would have been shut had Tsao Kun managed to acquire the coveted title—or rather the title that efforts were made to thrust upon him since he avers that he entertained no ambition for it. With the second successful effort against the militarists the names of the party conducting the manœuvre to prevent an election came out, and it transpired that they are members of the Chiaotung party, which is now working strongly for peace, for a properly organized constitutional government and for reorganization of the military. Liang Shih-yi, the Speaker of the Senate, is the leader of this party, and with him are men well-known in China's administrative life such as Chow Tze-chi, one time Minister of Finance, etc., and Chu Chih-chen, whilom Minister of the Interior. That these men have ranged themselves against the militarists is one of the most significant developments of the time, and if they can manage to pull their plans through China is going to be saved more than it can ever repay them. It will save its face, anyway, and that is about the most important thing in a Chinese catalogue of valuables.

The Compradore Habit

When the foreign merchants settled at Canton early in the 17th century their dealings with the natives were limited to a monopoly known as the Thirteen Hongs, and that was the foundation of the middleman system that exists to-day in the compradore. A proceeding that pleases the Chinese is immediately imposed upon the foreigner as an old and immutable custom; and the precedent of dealing through middlemen was so utterly in favor of a few Chinese that they quickly forced it on foreign merchants and have clung to it tenaciously to this day. The compradore system is so transcendently suited to the Chinese ideas of monopoly and squeeze that one does not wonder at the number and enthusiasm of its supporters. But that Chinese trade has outgrown it can hardly be denied. It has checked the growth of commerce by increasing the cost to the consumer, it limits the custom of the hong or bank to the clan of its compradore, the nepotism practiced by the compradore finally puts the control of the owner's business in the hands of his numerous relatives, and it is restraining progress in China by making dear the devices and tools that the Chinese need to lighten their burden, multiply their effort and create wealth. An incoming shipment must be moved ashore by lighters of the compradore's selection, carried to the godown by the coolies of the compradore's retainer, stored and accounted for by the compradore's godownkeepers and clerks, and sold by the compradore's staff. That in all these transactions there is squeeze nobody doubts or cares—the tax is simply added to the price. Yet even this is only the beginning. Before the merchandise reaches the consumer it is embellished with dozens of squeezes and charges, and every one of them could be abated or removed by the application of European intelligence and energy. The middleman system, the squeeze system, the numerous speculations which attend movements of goods or money in China;

have all served to prevent the development of Chinese resources and have kept the great mass of the people hungry, barefoot and miserable. The marvel is that foreign inward trade is existing under the same sort of handicap, but that is a hopeful sign for it proves the Chinese need of Western products. Vast prosperity is coming when Chinese hands, homes, farms and workshops are filled with the goods and contrivances that will elevate their status and increase their productivity, but the Chinese middleman and his wasteful practices is one of the biggest obstacles.

Conservative Progress in China

The Chinese people have certainly reached the limit of production under native methods, and that stage must have been attained some centuries ago. Since then the problem has been to divide relatively little prosperity among a great number of extremely resourceful people. It has been successfully done, although it requires accounting for the last grain of rice, the last splinter of fuel, and the smallest patch of cloth. There is only enough to go around, and the result is that the majority of the Chinese carry on a hand-to-mouth existence that makes them think of life in terms of hours. This economic structure is easily upset. The visitation of a flood, a typhoon or a band of brigands reduces thousands to beggary and famine, and if relief does not come quickly untold numbers are wiped out. It is this delicate balance of their economic structure that leads the Chinese people to proceed cautiously in a change, even now when they have corrected their old idea that the superior prosperity of the West is due only to luck or chance. The Chinese have not the capital in the way of reserved resources to enable them to overthrow their ancient methods and adopt the Western civilization overnight. That would be like a nationwide typhoon or the flooding of all the rivers. Still they are making progress, and it speaks well for the most conservative race on earth. They might proceed faster, certainly, and they are speeding up and will go faster still when the military curse is lifted from them and when officialdom is reformed. In the treaty ports they have learned that China is not poor, but rich—rich in energetic and industrious people, in productive lands, in minerals, in every form of resource nearly—and that this wealth can be developed just as in the Western countries. Meanwhile we can banish the idea that they hold their old belief that prosperity depends upon luck. Proof to the contrary meets our eyes in every direction.

The Iron Industry Loan

In another place we refer to the loans made by Japan for the purpose of constructing railways in Manchuria, Mongolia, and Shantung. When the official announcement was made with regard to those transactions a statement was also made in connection with an "iron industry loan." The official remarks in this connection were as follow:

"For the purpose of promoting economic harmony between Japan and China, the Chinese Government has been planning to establish a National Iron Works and obtain the necessary capital for starting the work with skilled engineers and experts for the management and supervision from Japan. Negotiations between the Chinese Government and the Japanese Syndicate have been going on for some time and an agreement has recently been reached, and the conclusion for a loan of about Y.100,000,000 is expected to be announced soon. The establishment of this National Iron Works will result not only in the Chinese Government having the fundamental equipment for manufacturing and supplying all the iron needed for China itself but also Japan will derive much benefit by obtaining the manufactured iron or iron ores from China."

It is well known that the Japanese iron works and steel companies have for a long time been endeavoring to secure uninterrupted supplies of raw material from China. They have been able

to arrange for large consignments and in addition to being on the lookout for increased opportunities to secure the wherewithal to meet likely future demands it is apparent that an effort is to be made to associate with Chinese interests in the establishment of works in China. So far Japanese financiers virtually control the Hanyehping properties at Hanyang, near Hankow, and they are also developing the mines at Chinglingchen in Shantung.

Strong efforts have been made to obtain a sound title to the iron deposits at Molingkuan, near Nanking, and whether or not the latter city is to be the site for the projected works mentioned above cannot yet be stated. There have been many reports concerning the establishment of works there, but so far as we know the Japanese interests have not yet been able to arrange with the Chinese Government for the right to operate there. The Kiangsu people, or a section of them, seem to be averse to allowing Japanese capital to dominate in this area, and an effort was made by them some time ago to avert the possibility by forming a company of their own to undertake the work.

Commenting on this subject the "Osaka Mainichi" says: "Although outwardly this is an economic loan, yet really there is much significance in it. The loan means that some fundamental changes will soon take place in the iron manufacture of Japan and China. Therefore, it is anything but a purely economic loan. All along China has been reluctant to allow iron ore to be exported from the country. Her mining regulations and the regulations governing the supervision of iron mining companies were drafted according to the close-door policy. The supply of iron to Japan by the Tayeh iron mines has only been secured by a special agreement. If such a close-door policy should be carried out by China, Japan would be the first to suffer, and heavily. After a careful study Japan now considers it necessary to adopt a policy which shall be beneficial to China as well as to Japan. After the conclusion of this loan the object in Japan's iron manufacture will necessarily be subject to certain changes. Because the loan was not a purely economic loan Count Terauchi submitted it to the Diplomatic Council for recognition. Now Premier Hara also realizes its importance. When the political situation gets more settled in China the negotiations will be resumed."

Canton and the West River

(BY OUR SOUTH CHINA CORRESPONDENT.)

It is now four years since Captain Olivecrona was appointed to conduct surveys of and to prepare data concerning the West River. The results of his careful work are becoming more and more apparent, but when enquiries were made of him about the floods of the West River he could only tell the old, old story which seems to be so common in China. For about thirty million dollars it would be possible to complete a scheme which would ensure protection against the floods, save much life, and an annual loss of crops and property averaging certainly seven million dollars; though I obtained the impression from Captain Olivecrona that it was nearer nine millions.

The financing of any scheme of flood prevention should, said Captain Olivecrona, be feasible by an insurance system, under which the various land-owners and farmers would insure the crops and property annually. But after making a few local enquiries I am bound to say that such a scheme did not appear to be at all popular. Yet the commercial Chinese of Hongkong, at any rate, are beginning to understand the general advantages of the insurance system, as used against loss by fire, death and shipwreck, and the agricultural community may do so in time.

There is, however, a possibility of some new work for the improvement of the port of Canton. We may expect full particulars in a few weeks. There is ample room for improvement. Ocean-going steamers of the China coast type make the journey to Canton, but the present accommodation is very limited.

It would be, however, very foolish to suppose that any such scheme will appreciably affect the prosperity of Hongkong, unless it results in aiding that prosperity. Anyone who knows the two ports of Southern China knows also that Hongkong and Canton are very much like Liverpool and Manchester, only more so. No

reconstruction of the port of Canton will alter the fact that it is about 100 miles off the track of the steamers from Europe and America. Hongkong has obtained its unique position and its astonishing growth by reason of facts which will not change. The most important of those facts is its geographical position. The tendency is to increase the size of ships; and already there are many which unload and fill up in Hongkong that could not go up the river to Canton.

At the same time it is certain that the mercantile community of Hongkong will welcome any scheme for the improvement of Canton. They would also be only too pleased if the constructive work necessary for flood prevention in the provinces of Kwantung and Kwangsi were to be put in hand at once.

The subject is very difficult, but it does seem to the writer that the time has come for the creation of a service for China whose one duty shall be connected with the improvement of the waterways and the prevention of floods. The organization of the service might be very much after the pattern of the very efficient Maritime Customs Service. The suggestion is made by an engineer who is anxious that, above all else, China shall prosper and the annual waste and loss in efficiency shall be diminished. The nucleus of such a service already exists in connection with the various Conservancy Boards. After all, the Maritime Customs Service was responsible for the postal system of the country until it was fairly put on to its feet. It might organize, in conjunction with existing bodies, a new Government Department in China.

Book Reviews

THE LEGAL OBLIGATIONS ARISING OUT OF TREATY RELATIONS BETWEEN CHINA AND OTHER STATES. By M. T. Z. Tyau, LL.D. With prefaces by Sir John Macdonell, K.C.B., M.A., LL.D. and Dr. Wu Ting-fang, LL.D. The Commercial Press, Ltd., Shanghai.

CHINA'S NEW CONSTITUTION AND INTERNATIONAL PROBLEMS. By M. T. Z. Tyau, LL.D. With introductory note to Part 1 by His Excellency Paul S. Reinsch, PH.D., LL.D., United States Minister to China. The Commercial Press, Ltd., Shanghai.

To the student of international law and diplomacy China is one of the most interesting countries in the world. When a country is not only nominally sovereign but wholly autonomous in the management of its own domestic affairs its international rights and responsibilities are easily determined by reference to the well established principles of public law. But when, as in the case of China, we have a state which has granted or has been compelled to grant, the exercise within its borders of all kinds of extra-territorial privileges, when there exists within its limits political areas denominated "Concessions," "Settlements," "Legation Quarters," "Treaty Ports," "Leased Territories," "War Zones," "Foreign Police Boxes," "Military Occupations" under the terms of secret military conventions, and "Spheres of Influence," not to speak of a multitude of special arrangements with foreign Powers regarding commercial and industrial rights, railways and mines, loans and currency—when this is the situation we have a condition of affairs which provides a superabundance of material for discussions by the students of international jurisprudence. And now, since 1911, China has furnished the constitutional lawyer as well as those interested in the problems of practical politics with much to interest them. Since the time of Confucius China has not lacked treatises dealing with statecraft or the art of politics, and it is probable that the world has little to teach the men of Han regarding the methods by which a paternal monarchy may or should be operated. But if scholars of China are to aid her in solving the legal and political problems which now confront her they must turn their intellectual talents to the study of the specific problems of constitutional and international law. A special welcome should, therefore, be accorded to the two volumes which Dr. M. T. Z. Tyau has recently published, the one bearing the title "The Legal Obligations arising out of Treaty Relations between China and Other States," issued last year, and the other "China's New

Constitution and International Problems," which has only recently made its appearance.

The first of these volumes is the more ambitious and scholarly work. It was originally prepared as a thesis for the Degree of Doctor of Laws in the University of London, and is presented to the world with prefaces by His Excellency Wu Ting-fang, and Sir John Macdonell, Professor of Comparative Law at the University of London.

The title of the work is well borne out by its contents. Beginning with an historical sketch of China's foreign relations, which he divides into eight periods, Dr. Tyau classifies the resulting treaties and conventions into three general groups—those of a political character; those of an economic character; and those of a general character. These agreements he then considers topically, under the first group discussing such matters as rights of intercourse, rights of diplomatic and consular representation, consular jurisdiction and extra-territoriality, concessions and settlements, leased territories and rights of preferential treatment as regards loans, railway construction, etc.

Treaties of an economic character lead to the consideration of rights of trade and residence, tariffs, cabotage, rights of navigation of inland waters, rights of trade and travel in the interior, rights of land-holding, of railway construction, mining exploitation, and loans.

Under treaties of a general character Dr. Tyau discusses rights of individuals, personal protection, the claims growing out of past violation of these rights, religious toleration, rights of reciprocal treatment, the operation of the most favored nation principle, and treaty interpretation. All of these subjects Dr. Tyau treats with technical knowledge and skill and with an adequate grasp of the facts involved. In appendices are given the texts of a considerable number of the more important recent treaties and conventions to which China has been a party, and also ten tables in which China's treaty relations with other states are analysed and tabulated according to dates and subject matter.

Space will not permit of mention in detail of the interpretations given by Dr. Tyau to the many points discussed by him, but in general the reviewer would say that he finds the conclusions eminently sound. Dr. Tyau ends his volume with a plea for treaty revision whereby not only may many uncertainties and inconsistencies in the present international situation of China be cleared up but greater freedom of action secured to the country.

Dr. Tyau's second volume entitled *China's New Constitution and International Problems* is not as important a contribution to juristic literature as is his first work. It was in fact prepared under circumstances which made this impossible. As the preface frankly states it is composed of papers written during the spare hours between daily class room work while the author was lecturer on international law at Tsinghua College, and published from time to time in the "China Press" and the now defunct "Peking Gazette."

The last half of the volume is in effect supplementary to the earlier volume and deals principally with the international relations of China since the outbreak of the European war. Certain problems of treaty revision are more specifically discussed than they were in the earlier volume, and there is some consideration of the claims that China should make at the coming great Peace Conference.

In the papers which constitute the first half of the volume Dr. Tyau analyses the Provisional Constitution and discusses the efforts of the Parliament of 1916-1917, sitting as a constituent body, to agree upon a permanent constitution. Here also space will not permit a detailed account of the topics discussed. Although the labors of the Parliament did not result in the completion of its work, and it may be that the same draft of a constitution will not again be brought up for Parliamentary discussion and adoption, the debates of 1916-1917 have undoubtedly made somewhat clearer the constitutional points that are at issue, and Dr. Tyau has, therefore, done a service in summarising and analysing them. He has also added a considerable amount of comparative material drawn from other written constitutions. The book will thus be of undoubted value when the task of drafting and adopting a permanent constitution is again entered upon.

"ALL THE WORLD'S AIRCRAFT," an annual, founded by Fred T. Jane, edited and compiled by C. G. Grey. Sampson, Low, Martson & Co., London.

This is an interesting work, in form a volume of large size with some hundreds of pages, reviewing a trade that has assumed large proportions under the impetus of war needs, and it reveals all the information concerning aircraft and aviation that the student could conscientiously ask for. The work opens with a vocabulary of aeronautical terms of respectable size and an "international glossary of technical terms," which is followed by official records of speed, height, duration and distance, step by step. Much more statistical information is given in this section.

Other sections describe each factory, aeroplane and airship separately with photographs of their latest productions. This information is given for each of the Powers engaged in the War. There is a section on aircraft engines which is illustrated by photographs and drawings, with detailed information whenever this is possible.

A history of the progress of aeroplane manufacture begins with the Langley machine of 1902, and is copiously illustrated. Throughout the work are photographs and descriptions of manufacturing processes, methods of launching from naval vessels, and illustrations of aircraft components and accessories.

Perhaps the most striking evidence of the size and importance of the aircraft industry is in the advertising pages, containing the announcements of some dozens of firms in the trade. The great development and future prospects of aviation make this work of immediate and lasting value to all progressive people, and should be on everyone's bookshelf.

JANE'S FIGHTING SHIPS, 1917. An Encyclopædia of the Navies of the World. Acting Editor, Maurice Prendergast. Sampson Low, Marston & Co., Ltd., London and Edinburgh.

Every one interested in this war should have at hand this important work, as well as that on Aircraft, mentioned above. And who is not interested in the war? At the very base of Allied success stands the great navy of Great Britain, and backing it is the naval fighting forces of the Allies. Without these forces the Allied armies could not have succeeded in building up their strength while fighting a foe already prepared to the last shoe; without them supplies could not have been got to England or France, and more important the tremendous forces of America could not have been conveyed over-sea, nor could those from the British Dominions. The German navy has been rendered impotent, and the terrible submarine warfare inaugurated by the depraved Germans has been checked if it has not been overcome, by the Allied fleets. Everything written about the services which have so triumphed over the evil genius of Germany should be of paramount interest to everyone, especially those living over-seas, in Allied countries or neutral. Their existence as free men has been preserved by the great fleets of their countries. And to have authentic information of those forces collected as it is in the book under review makes it of the greatest value, particularly as photos and plans of vessels of all kinds are given. Despite the difficulties surrounding the production of such a work in such a war the editor has compiled an edition possessing details of importance, of novelty and interest. Compared with the preceding edition over 300 changes have been made in the form of new or improved silhouettes, photos, plans and other illustrations, and the textual information has been most carefully revised and extended in every possible way. In the case of the German navy details of considerable interest will be found concerning new types of enemy warships, and particularly with regard to the notorious submarines.

The work is replete with general information of great value concerning the world's navies, and should be secured. It provides a record connected with this greatest of wars which cannot be obtained under any other covers, and which ought to be appreciated by every educated person.

WAR AND PROGRESS. The Growth of the World Influence of the Anglo-Saxon. By William S. Howe, Formerly of the American Consular Service in China. Boston: LeRoy Phillips. \$1 net. Postage extra.

In this small volume the author discusses in broad outline some of the issues as he sees them of the Great War. At times he ventures into the field of prophesy but not with conspicuous success, as for example when he declares that the chances that the Allies will be able to break the German defence in 1918 are practically nil. Mr. Howe also attempts the constructive task of pointing out how the American Government may be so organized to function more efficiently. Congress, he declares, is a more certain but slower barometer of the general sentiment of the country than is the President and yet when it meets a determined President it is not able to shape his course. The author's solution is that there should be appointed a general manager to be selected by the President with the approval of both houses of Congress in joint session, this high officer to be under the general direction and supervision of the President, and to exercise supreme administrative powers of government with full control over department heads, commissions, and bureaux. He should be termed Premier, he should be obliged to appear before Congress and give full information upon affairs of government when required, and be compelled to retire upon a vote of want of confidence of both houses of Congress or when he feels he no longer has the confidence of the community or for any reason is unduly hampered in the execution of his duties. This plan to engraft as it were the English Cabinet system upon the American Presidential system is certainly an interesting suggestion but its merits can scarcely be discussed in a review.

Mr. Howe was for three years in the American Consular service in China, first as a student interpreter, and then as a vice-Consul, which furnishes the basis of a statement by the publishers that "the author is equipped for his task by long study and first hand experience, having been three years in the American foreign service in the Orient." There is no illusion in Mr. Howe's mind as to the need which Japan has for the natural resources of China nor of Japan's intentions unless prevented by the other Powers, of increasing her control over China,—a result which he thinks will be neither for the best interests of China nor of the nations of Europe or America.

In general the work bears evidence of an inquiring and intelligent mind although it is not likely that the ordinary reader will find himself in agreement with all of conclusions which are reached.

"THE IDEALS OF THE SHINRAN-FOLLOWERS: A Short Exposition of the Religion that is Professed by most of the Educated Japanese People,"—by Kihachi Imai and Motosaburo Matsutani.

The authors, who describe themselves as peaceful and obscure citizens of Japan and devoted followers of the Shinran faith, give as their motive in publishing "The Ideals of the Shinran-Followers," in the English, French and Chinese languages, a desire to acquaint their foreign friends with the faith and ideals of their countrymen who "really represent Japanese civilization." Their "ideas of justice and humanity are chiefly derived from the teachings of Shinran, which consist of the doctrine of universal brotherhood and in the exalted conception of humanity."

The principles of Shinran, the authors say in their preface, have not yet been made manifest outside of Japan, and as a consequence it is natural that foreign nations are apt to misjudge them. There is misunderstanding of Japan's motives in entering the War, and now that Japan is prospering as a result of the War there are those who imagine that she wishes the conflict to be prolonged. But Japan "unsheathed the sword in order to make away with militarism, to crush the spirit of self-aggrandisement, and to make the imperialists reconsider what is really meant by culture. Those who understand Japan will surely agree with us in this interpreting the Japanese motive." The preface concludes with a prayer to "Our Lord Buddha" to shower "his infinite blessings upon our foreign friends into whose hands this tract may fall even before the conclusion of peace, which, we

hope, will put an end to all the inhumanities we are witnessing now."

In the text that follows we are given to understand that the practice of the Shinran faith has been associated with peace and pacifists throughout its history of over 650 years, although we are told that it does not conflict with Bushido: from the district where Shinran prospers most, that is, in the provinces facing the Japan Sea, came the bravest soldiers in the wars against China and Russia. Nor must Bushido "be identified with the instinct for greed, for power, for conquest, for self-aggrandisement. It has nothing to do with these barbarisms. We rise in arms only when our own ancestral home is threatened, when our Imperial House, which is the mainspring of our national welfare and the grand root of all our family system, is put in danger. We would fight on such occasions to the last person, pour out the last drop of blood. But to be the unqualified advocates of imperialistic militarism, no: we are Buddhists, and our national character forbids."

Instances are given to bear out the authors' contentions. The invasion of Korea by the Empress Jingo in 200 A.D. was made to force Korea to realize the result of the non-observance of a treaty which had to do with peace. In 1281 Japan was raided by a Mongolian Army which was repelled by Hoho Tokimune, who refused to follow up his victory. In 1592 and 1597 Japan had another foreign war with Korea and China because they arrogantly regarded Japan as their dependency. Then there was peace for 300 years, until in 1894 China offended Japan so greatly as to force another war, "and that Japan had no ambition for a territorial expansion is well proved by her unselfish abandonment of the Liaotung Peninsula . . . If Japan were not really thinking of the peace of the Far East she never would have given up the conquered territory even through the advice of . . . Russia, Germany and France." These instances are backed up by the statement that the Russian war was also one of defense. The argument concludes, "We always stand for peace. Whenever there is a chance, we are ready to extend our arms for the welfare, harmony, order and co-operation of all the nations. We love all humanity. We pray for their happiness. How strange, when we are so pure-hearted, that we have to hear that absurd phrase "Yellow Peril" traveling over from the West for these past ten years!"

The closing of the text is that Japan's heartfelt desire is for peace; when an understanding is restored the ray of peace will burst through the threatening clouds; Japan may occasionally have to fight, but even this must come out of the fulness of love, for when a heart desiring to be united with another finds its way blocked, it struggles, and this might be called a fight, but there is nothing here that will betray the baseness of the motive. Japan is happy to know that the European nations have come to recognize her as a power, but regrets that this recognition is coupled with the belief that Japan will take up arms under any pretext. This misunderstanding might lead to another, and the final issue might not be very pleasant for any of us, and as the constant prayer of Japan is for peace based upon brotherhood, it is desirable that the brothers and sisters of Japan may thoroughly understand where the faith of Japan lies and come to her with a heart filled with love and peace.

RETURNS OF TRADE AND TRADE REPORTS, Vol. 4, Southern Coast Ports, and Vol. 5, Frontier Ports. Published at the Statistical Department of the Inspectorate General of Customs. Vol. 4, price \$2; Vol. 5, price \$2.

These reports issued by the Maritime Customs cover the ports from Santuao to Pakhoi on the coast and Lungchow to Tengyueh on the frontier, and as usual they contain the amplest facts about trade in the districts covered during 1917.

The Resident Commissioner at Urga has telegraphed the Chinese Government that the news of the election of Hsu Shih-chang to the Presidency was received in Urga with eclat. The Living Buddha has appointed one of the Mongolian princes as a special delegate to the Chinese Capital to tender his congratulations to the new President. The Living Buddha will also offer a number of precious articles as a tribute. The Government has instructed the Board for Mongolian and Tibetan Affairs to make special preparations for the reception of the delegate and his suite.

Hongkong Industries

[By U.S. CONSUL-GENERAL GEORGE E. ANDERSON].

Cement Trade

Restricted shipping accommodations and high freight rates have had a rather unfavorable effect upon the cement-manufacturing business in Hongkong and other cement factories in the Far East. The chief Hongkong cement interest (the Green Island Cement Co.), which has long been one of the principal cement interests in the Far East, has earned during the past year a gross profit of \$495,255 Hongkong currency as compared with \$610,150 Hongkong currency the previous year. The difference is ascribed to the high price of fuel, the shipping difficulties, the high exchange value of silver, and the difficulty in procuring raw materials.

The company has found it necessary, owing to disturbed conditions in China, and owing to the alleged hostile action on the part of Chinese interests, to go all the way to Tonkin for most of its limestone, although stone has come forward from China in larger supplies the past year.

Trade with the Philippines during the past year remained at about the same volume as the previous year, the shipments to the islands being 3,150 short tons, but the value increased from \$61,838, for 1916, to \$106,261 for 1917. The business is far below its normal volume, however, the value of the exports in previous years being \$78,412 in 1915, \$111,476 in 1914, \$160,289 in 1913, \$239,194 in 1912, \$349,616 in 1911, and \$265,638 in 1910. Since 1911, when it reached its highest point, cement from Japan, Indo-China, North China, and from local sources has been supplying the Philippine market.

Ice Monopoly

The Hongkong Dairy Farm Co. (Ltd.), the chief dairy, frozen food, and cold-storage concern in Hongkong, has purchased the business plant of the Hongkong Ice Co., the chief concern for the manufacture and distribution of ice in the colony. This combination in practical effect gives to the former concern a monopoly of the ice and cold storage business of the colony. The Dairy Farm Co. has long imported frozen meat and other food from Australia and the United States for provisioning the colony, including the large number of ships that secure food supplies in Hongkong, and it has at times been concerned in the shipments of frozen Chinese beef and pork to the Philippines.

Originally the Hongkong Ice Co. had practically a monopoly of the artificial ice business, its trade in that line succeeding the old trade in natural ice that in the earlier days was brought in sailing ships from north Pacific ports. Later a large modern brewery was started in the colony, in connection with which a considerable business in the manufacture and distribution of artificial ice was developed. About five years ago the operation of the brewery was discontinued, and the brewing plant was shipped to Manila, but the ice business was continued for a time until it was eventually taken over by the Hongkong Ice Co., the concern that has just been sold to the larger interests represented by the Dairy Farm Co., with its varied connections with cold storage and the manufacture of ice.

Meat Packing

The Dairy Farm Company is arranging to can meats upon a large scale. Already the company has secured practically entire control of the trade in hams, bacon, and similar goods along the China coast, and its products have been successfully shipped to other parts of the world, including Great Britain. In the tinning of meats it has been faced with the difficulty of securing proper machinery for making the tins and of a sufficient supply of tin plate itself. The difficulty as to machinery is being overcome for the time being by the construction of machines by a local engineering company, and it is now believed that a sufficient supply of tin plate can be assured for work to be undertaken upon a satisfactory scale.

Such an undertaking as the one now being developed is likely to have an important bearing upon the sale of tinned American

meats in this field. The high exchange value of silver has enabled American packers, so far as they are allowed to export at all, to remain in this field in spite of the high cost of their goods in the United States and of the excessive freights on all such products coming into the market here. Nevertheless, with even this handicap the local concern has been able to supplant practically all foreign salted and smoked meats in this part of Asia, with the exception of small shipments from Australia and the United States. With the return of exchange to a normal level the comparatively low price of meats in this field and the comparatively low cost of labor will doubtless make it practically impossible for American packers to compete with local interests save only in fine and special products.

W. R. Grace & Co. in the Orient

Commercial China will be interested in the announcement that what is probably the largest commercial institution in the world, W. R. Grace & Co., is about to establish itself in China with central offices in Shanghai, says the "North-China Daily News" of October 14th. The Grace concern—known in England as Grace Bros. & Co., Ltd.—are holders of some 150 companies, manufacturing firms, mining enterprises, steamship companies, banks, etc., having a world-wide scope.

Mr. Stewart P. Ellicott, director of the Grace interest in Russia, whence he has just come, is now stopping at the Astor House. He is resident director of the new Grace China Co., an American corporation, and is seeking suitable offices for a staff shortly to arrive. The Shanghai office is to be under the management of Mr. S. F. Jones, formerly Pacific Mail agent at Kobe, who is to arrive this week. Branches are to be opened in the spring at such places as Hankow, Tientsin, Peking, and Tairen.

The Pacific Mail Steamship Co., it might be mentioned, is owned by the Grace concern, who besides, have other large shipping interests, including old-established lines to South America originally started to take care of the organization's nitrate interests in Chile, trans-Atlantic lines, and the great United Fruit Co., which is virtually a steamship company. After the war a great deal of the firm's tonnage will be put on the trans-Pacific trade. The Grace interests have only recently acquired the New York Shipbuilding Co., which is launching a ship a week.

In the course of an interview yesterday Mr. Elliott said:—

"Our present programme in the Orient may be regarded as an important link of our various international houses fathered by our parent establishments in New York and London. The new Grace China Co., while incorporated in the United States is at the same time fully accredited to act also for Grace Bros. & Co., Ltd., London, which is purely a British organization in the same sense that our principals, W. R. Grace & Co. of New York and San Francisco, are purely American. The Grace family includes staunch patriots of both countries.

"It is perhaps permissible to bring out the point that our operations in the Orient will be to an important extent Anglo-American, and our initial effort at this time, preparatory to after-the-war business, will be to emphasize inasmuch as we are able the allied interests of our many connexions. We already have a round-the-world service with London, New York, San Francisco, and all the principal ports and centres of South America. From China the service branches in two directions. One chain of offices includes our houses through Siberia, Russia and the Scandinavian countries to London, New York and South America. The other chain is via Hongkong, Straits Settlements, British India, Suez, the Mediterranean, Spain, France and England, and thence to the Americas.

"At the present time our entire effort in every Grace office is naturally dedicated to the aims of the war and it is hardly a time to invest or expand along private lines not consistent with this purpose. We believe that it should be our policy as much as possible to assist in being nationally prepared for after-the-war trade, as it must not be forgotten that if our national trade is allowed to depreciate the burden of paying for the war-costs must fall on our people at home.

"You may be interested to know that our London house, Messrs. Grace Bros. & Co., Ltd., has lately inaugurated a Calcutta office known as Grace India, Inc. and this house is administrative to our agencies in that part of the world.

"Let me say that our programme is a constructive one," said Mr. Elliott. "We are in the Orient to stay."

ERRATA

In the article on "The Constitutional Situation in China" at the opening of this issue there are one or two printer's errors. The ninth line on page 434, first column, should read "four years, and the third *third* for six years, etc.," while line 16, on page 435, second column, should read "were legally effective," etc.

Uplifting the Women of China

In the present great struggle for a new world "wherein dwelleth righteousness" what part are women being called to play and how are they meeting that call? In President Wilson's recently uttered words we find a reply "Democracy means that women shall play their part in affairs alongside of men and upon an equal footing with them,—we shall need women in our affairs as we have never needed them before. We need the sympathy and insight and clear moral instinct of the *women of the world*." Women have always risen to great crises but never before have they faced together a world crisis; and also never before have they had a channel of expression equal to the stupendous task of world service. Such a channel, however, is being found to-day in the World's Young Women's Christian Association and through it flows a great tide of service, in Orient and Occident alike.



CHINESE WOMEN'S BIBLE CLASS

Much more conspicuous in their activities, and far in advance in training and organization are the Associations of western lands. The wide publicity and general approbation extended to the whole Association movement, in the west to-day, renders it easy for us to grant it an essential place in the onward sweep of democracy. But the thing that has made this true is not so obvious—the vision and conviction of those who conceived it so many years ago, and of those who have followed them, and through these past decades led it steadily onward; through obscurity, misunderstanding and opposition—working on underground, propagating the spirit and perfecting the machine, until, faced with a crisis, and thrown into the limelight, it proves itself for what it is, and, at last, the world applauds.

Still in the stage of experiment and obscurity—still working, largely, underground, and with small stimulation of applause is the Young Women's Christian Association here in China. Bound to the women of the world in all that life is bringing them to-day, of opportunity and of responsibility, are the women of China, but only just waking to that fact, and far from ready to meet it, in any large numbers. If the germ-idea of the Association movement, that of mutual service "of women, by women, for women"—service in the establishment of that greatest and most inclusive democracy ever conceived, the Kingdom of God in the world—if this is a



CHINESE WOMEN STUDENTS

true and vital life-principle, it will live, grow and flower in China as it has in other lands. In the conviction that it is both true and vital—and that the women of China owe it to themselves and to the rest of the world of which they are an integral part, to come into their heritage of "abundant life," physical, mental and spiritual—the Association was planted here too, little more than a decade ago, and work begun on an organization that would best serve its purpose.

The desire for this abundant life—social, mental, physical, and spiritual—is nowhere, more insistent than in China, and in the social upheaval of these last years is manifesting itself in ways that are strange and often dangerous to real and all-round development. The Young Women's Christian Association through its National Committee is responding as rapidly as possible, with its limited staff of trained workers, to the petitions of the missionary bodies already at work in other ways, to meet these new developments, by establishing Associations in the larger centres.

The Association in Peking, although still in its infancy, for in this year 1918 it has just had its second birthday, is typical of the kind of work that is being done through this channel in China. Chinese women from the north, east, south and west are joined together as a Board of Directors who manage the affairs of the Association. The women who make up that Board are of as diverse temperaments as the women in western lands. There is the conservative who clings to old traditions and previously tried-out methods of work; there is the progressive to whom all innovations and new plans appeal; there is the older woman who has but recently unbound her feet and who is still a bit fearful of what the younger generation are attempting, and there is the young returned student whose horizon has broadened out to compass a world view of life and whose desire is to share this vision of service with her people.

Among the new ventures of this year is a day school for poor children, run by volunteer workers from among the membership; some of the mothers are organizing a mothers' club for the discussion of the many problems that arise in the home; and at the request of the Chinese Red Cross, the Association is serving as the headquarters for distributing work among the Chinese women. Part of the time of one of the Chinese secretaries is spent in supervising this work. Social service, however, is



CHINESE WOMEN WINDING THE MAYPOLE

but one of the many phases of Association work in Peking, as the accompanying illustrations show. The first group, a Bible class with its teacher, are from a Government Middle School, and meet together once a week to study and discuss the Gospel of Mark. The Bible was an unknown book to these girls before, and through the Association came their first direct contact with Christianity. As a result of this class, all the girls have become Christians and three have already joined the church.

The second cut shows a group of Chinese women from one of the gymnastic classes, winding the May pole. Team play and the spirit of co-operation which is a vital part of the new freedom for women, is learned through these gymnastic games and play, more quickly than anywhere else. Women with the tiniest feet, women who are just learning the joy of rhythmic motion and muscle control, come together twice a week in the gymnasium for exercise and play. It is all very new and strange to these women who have so recently come out of their homes for any purpose at all, and it requires a spirit of contagious enthusiasm to induce them to cheer for teams of red and blue (especially the winning team, when they are on the losing side) and take off their hampering skirts, for the exercises. In addition to these classes in Bible and gymnasium there are

classes in English, Chinese and foreign cooking, drawing, lace-making, music and short lecture courses in First Aid, Home Care of the Sick and Home Hygiene.

Another phase of the work is shown in the third cut, a group of students at a Summer Conference, on their way to the dining hall. These girls come from the Mission Schools in the cities of five different provinces, and each year there is also held a Winter Conference for the students of the non-mission schools. With many girls this Winter Conference is their first contact with Christianity and becomes the turning point of their lives. The Rainbow Club, organized among the younger students, seeks to foster the same spirit of self-reliance, ability to meet emergencies and of careful observation which is practised by Camp Fire Girls and Girl Guides in America and England.

There are five such Clubs in Peking led by Chinese young women, and the members wear arm-bands on which are embroidered a torch, a star and a rainbow, symbolic of the ends they seek to attain.

The Association headquarters in Peking, a rambling Chinese house around court after court, is always humming with life and activity, and its ruling spirit is friendliness.

In the old days the desire for social outlet among the Chinese contented itself at best, with gatherings of men to which came only men, and gatherings of women from which all men were debarred. Even to-day the returned student finds few places to which she may accompany her husband and few places where young men and young women meet in wholesome and properly chaperoned social intercourse. Co-operating with the Young Men's Christian Association in a scheme of entertainment, the Young Women's Christian Association has held several parties during the past year for these students, and one big party in which the general membership joined. The open courts of the Association dwelling teemed with groups of men and women on their way from one "stunt" to another, and the enthusiasm with which they played the games and entered into all the sport of the evening promised well for the future of a normal and adequate social life.

In the philosophy of internationalism which is emerging as one of the greatest by-products of the world-war, we recognize that one of the things we *must* have for the future is more understanding, more sympathy, more co-operation among nations. That will never come until individuals from these nations, individuals prompted by no ulterior or selfish motives, but thoroughly imbued with this spirit and desire, give their lives to its accomplishment. So in the Young Women's Christian Association of China are to be found to-day, living, playing and working together; giving and receiving, in mutual service, not only the women of China herself, but trained secretaries from England, Australia, Canada, Sweden and the United States of America. No one denies that China has fallen upon serious times, and that the problems that face her in the future are staggering ones. Less than any other nation, perhaps, can she afford to forego the "sympathy (intelligent sympathy) insight and clear moral instinct" of her women. To the end that they, in their turn may not be found wanting, and that they may have an adequate channel of expression for such service as they stand ready to give, the Young Women's Christian Association is working to-day.

The Nippon Kogyo Ginko

The Nippon Kogyo Ginko (Industrial Bank of Japan) is one of the specially privileged banks under the supervision of the Japanese Government. It was established in 1902 in accordance with the Nippon Kogyo Ginko act promulgated in 1901. The object of the bank is that of an organ for furnishing capital for transactions in negotiable documents and for industrial enterprises, for introducing foreign capital, and also to engage in the guarantee trust service.

The main offices are situated in Kojimachi Ku, Tokyo, and the branches are in Osaka, Kobe, and Nihonbashi ku in Tokyo. The president, the vice-president and the directors are appointed by the Japanese Government, while the auditors are selected from among the shareholders. The auditors, since the establishment of the bank, have always been prominent men of business. The present officers are: Mr. K. Hijikata, president; Dr. Y. Ono, vice-president; Mr. T. Iwasa, Mr. N. Ninomiya, and Mr. K. Yanaga, directors; Mr. N. Soma, Mr. R. Uryu, Mr. K. Kawakami, auditors.

The following are the kinds of services rendered by the bank:

1. Loans against securities for various manufacturing enterprises and railway, electric and gas undertakings.
2. Loans against securities of residential estates and buildings thereon in cities and towns.
3. Loans against securities of national bonds, local government bonds and company shares.

4. National bonds, local government bonds, company bonds and shares floated and subscriptions thereto handled.
5. Discounting of bills.
6. Deposits of various descriptions.
7. Safe keeping of negotiable documents and valuable articles.
8. Remittance and foreign exchange services.
9. Loans against securities of ships or ships under construction, or of shipbuilding materials and accessories.
10. Trust services.

While the Kogyo Ginko depends upon its capital and deposits for carrying on its business, the principal source from which it secures operating capital is its privilege of issuing debentures to the limit of ten times the capital of the bank. This privilege is a special one. Since the opening of the bank, the debentures have been issued in Japan and abroad 43 times, totalling Yen 133,138,000. This does not include the debentures whose issue is guaranteed by the Japanese Government, of which an explanation will be given later. The debentures of the Kogyo Ginko can be used as securities for loan from the Bank of Japan, as securities for bids made in the sales of industrial plants or products, as personal securities for government and other public officials, or as securities at custom houses. These debentures can be purchased through post offices in Japan or deposited with the post offices for safe keeping. In case capital secured by means of debentures issued by the Kogyo Ginko is used in investing abroad, the Japanese Government will guarantee the payment of the principal and interest of the debentures to the extent of Yen 100,000,000, as this new privilege has been granted to the bank by an act which was approved by the Imperial Japanese Diet and promulgated this year, 1918. The bank will be considerably convenience by this privilege. The first issue of the government guaranteed debentures, amounting to Yen 50,000,000, was conducted in July this year.

The capital of the Kogyo Ginko was at first Yen 10,000,000 which was increased, because of the growth of business of the bank, by Yen 7,500,000, in April, 1906. The increased capital was secured in foreign money markets with success. In 1917, the capital of the bank was increased again, to Yen 30,000,000, and as one-half of the increased capital has already been paid up, the entire paid-up capital became Yen 23,750,000. The business of the bank has gradually prospered and the amount of transactions extraordinarily increased. The following statement of accounts of the bank will tell its recent condition:

Liabilities.				Yen
Capital	...	...	...	30,000,000,000
Various Reserves...	...	...	...	2,258,800,000
Dividend	...	...	...	174,737,625
Debentures Issued	...	...	...	86,113,300,000
Various Deposits	...	...	...	90,759,612,880
Guarantee Deposits	...	...	...	24,450,927,280
Due to other banks	...	...	...	237,238,000
Suspension Payments	...	...	...	2,017,214,930
Profits	...	...	...	1,664,526,056
Total	...	...	...	237,776,456,941
Assets.				
Capital Not Yet Paid Up	...	...	...	6,251,950,000
Various Loans	...	...	...	98,590,510,130
Various Deposits of the bank	...	...	...	59,315,071,590
Difference in Value of Debentures	...	...	...	1,576,742,000
Various Negotiable Documents	...	...	...	44,382,477,240
Due from other banks	...	...	...	122,819,190
Reserve For Various Payments	...	...	...	25,355,812,785
Landed Property, House, Furniture, etc.	...	...	...	555,664,000
Temporary Payments	...	...	...	641,753,320
Gold and Silver	...	...	...	992,656,686
Total	...	...	...	237,776,456,941

The investments of the Kogyo Ginko have been made in all prefectures throughout Japan. Not a small amount has also been invested in Chosen. Investment in China to assist the development of public and private enterprises in that country has been the desire of the management from the first, although not much had been done until recently, except that the bank loaned some appreciable amounts to the Taiye Iron Mine and to

a railway (not named) in South China through other companies. Last year, the opportunity for activity in loan making in China has ripened. Beginning with the loan made together with the Bank of Taiwan and the Bank of Chosen, to the Bank of Communications in China, many other loans have been made for industrial purposes in China. As has been explained before, the Kogyo Ginko has been privileged to issue debentures under the Japanese Government's guarantee. The capital thus secured has given the bank a great convenience for activity in that direction.

As an organ for introducing foreign capital in Japan, the Kogyo Ginko handled the sale or flotation of national and city bonds, company bonds, etc., in British, French and American markets, amounting up to date to several hundred million yen. The Kogyo Ginko invested heavily in the Franco-Japanese Bank,

which was established by the cooperation of the capitalists of Japan and France. The president of the Kogyo Ginko is the vice-president of the Franco-Japanese Bank, whereas two of the directors of the former are the directors of the latter. Foreign exchange service having been commenced, foreign drafts are bought and sold by the bank. The bank intends to cement closer relationships with European and American banks and capitalists, with the view of facilitating the flow of capital. Already a beginning has been made for Japanese-American cooperation in investing in China, under a special agreement with an American financial group, in reference to the Grand Canal Loan. The Kogyo Ginko expects to exert its efforts toward this sort of undertakings.

Allied *versus* Prussian Political Ideals

An Address delivered by Dr. W. W. WILLOUGHBY, formerly Legal Adviser to the Chinese Government, before the Society for the Study of International Relations, Peking.

The great war which is now being waged is one of extraordinary significance, not simply because the political fortunes of so many States are bound up in its outcome, but because it involves a contest between political ideals and political practices which concern the welfare of all mankind. Civilization itself is truly at stake, and thus the vital interests of even those peoples whose governments have seen fit or been compelled to maintain a nominal neutrality will be affected by the issue which is reached.

These political practices and these political ideals which this war has brought into sharp contrast cannot be divorced from each other, for it is a demand of reason itself that men should seek to justify to themselves and to others the acts which they do. And this impulse of the reason, coupled with the desire to command the respect of others, applies to nations as well as to individuals and thus we find peoples developing and accepting systems of political philosophy which are made to serve as justifications of the public policies which they pursue.

It is, however, an unfortunate fact that nations as well as individuals can be led by their selfish desires to frame philosophies of life which are false in their premises and pernicious in their consequences. Such a political philosophy the Prussian people have built up for themselves, and for the atrocious practices which it supports they have been able to secure the support of the other peoples of Central Europe. That these same practices should have found ready acceptance by governments such as those of Turkey and Bulgaria was but a matter of course.

In the short time which is at my disposal it will not be possible for me to give anything like an adequate account of this Prussian political philosophy, but I hope that I may be able to indicate the general character of its premises and to point out those of its features which necessarily condemn it when brought to the bar of the world's moral judgment.

Stated in the fewest possible words the process of Prussian political reasoning is as follows: It begins with the premise that there is a rationality to human history, that the affairs of men are guided and controlled by a purpose or plan which, to the theologically minded, is an emanation of the divine will, or, to the mere rationalist, a product of the world reason which is immanent in, and alone gives significance to, all human existence. Following the lead of Hegel, the Prussian political philosophers declare that this divine plan or rational purpose—call it either you will—marks out certain peoples as peculiarly qualified, and therefore as ethically entitled, to play certain definite parts in the advancement of humanity towards the goal set up for it by this abstract reason or by God. Thus, in the past, the Hebrews, the Greeks, and the Romans have each made their distinct national contributions to the world's civilization; but, it is declared, at the present time, to the Teutons has fallen the task, and to them, therefore, belongs the right, to impress their distinctive ideals or *Kultur* upon the rest of the world. And in this world of Teu-

tonic missionary enterprise the Prussians assert that they are pointed out as the leaders.

The agency through which Prussians are to execute the mission thus laid upon them is the powerful state-organization which they have perfected; and that which gives power to this state is the fact that it is organized upon a military and autocratic basis, and with a monarch who claims a personal right to the throne, who recognizes no limitations to his royal powers save those which he has himself set, and who admits no responsibility for his acts to his people but only to the Almighty above, whose personal agent he claims to be.

Now it does not need to be pointed out that all of the premises which Prussian political philosophy thus puts forth are mere assertions dictated by pride and national self-interest. They support conclusions that are hostile to the welfare of the rest of the world and have been made to justify practices that shock the consciences of all right-minded people.

The assertion by the Teutons that they are a people chosen of God, and that they possess a *Kultur* of such intrinsic merit and super-excellence that they have a right to compel by force if necessary, its acceptance by other peoples, carries with it a denial of the equality of nations and of the right of each citizen body to determine for itself the sovereignty under which it desires to live, the form of government it wishes to maintain, and the type of civilization it prefers to develop. Let me make more plain the significance of this point. No just criticism can be directed against the Germans because they think that theirs is a kind of *Kultur* which for themselves is better than that which other peoples have been able to create for themselves, for it is not only reasonable but, in many respects, laudable, that a people should take pride in its own achievements. We may even go further than this and say that the very fact that certain ideals and a particular type of civilization have come into being furnishes strong presumptive though by no means conclusive proof, that there is an essential consonance between these ideals and the standards of life and the peculiar and individual characteristics and rational needs of the people which has created them. And especially is this true when these ideals and modes of life have been the spontaneous product of popular custom and individual effort and not the more or less manufactured result of the ideas of a ruling few who happen to occupy the seats of political power.

But this rational and justifiable preference which every people may have for its own political institutions and its own conceptions of what are the intrinsically desirable things of life is a position far different from the one, so loudly asserted by the Germans, that they, as a nation, and as the only truly cultural people, are raised up so far above all other nations, that those other nations have no rights to free self-determination which they, the Germans, that they, as a nation, and as the only truly cultural people, are raised up so far above all other nations, that those

rights which attach to political sovereignty and independence become invalid when they stand in the way of the extension of German political control and influence, but that even private rights of person or property need not be respected.

As contrasted with doctrines such as these, the peoples that are now allied against Germany assert that, viewed as legal and moral personalities, the different peoples of the world stand upon a plane of substantial equality, each, irrespective of its actual size or physical, military power, possessing the right to have its sovereignty respected, and, so long as it does not sin against the very fundamentals of justice and humanity, to pursue such domestic policies as it may deem desirable. This doctrine of the Allies does not imply that nations should stand wholly apart from one another, each having no concern with, or interest in, the welfare of the others, but, upon the contrary, that mutual goodwill and co-operation should prevail. In other words, the position of the Allies is that the States of the world should constitute a true society of nations in which each member necessarily derives profit from the welfare of the other members. It is upon this basis that the great body of international law has been built up, for law can exist only when the existence of mutual interests and reciprocal rights and obligations are recognized. It is thus but a logical application of their primary assumptions when the Germans view treaties as but scraps of paper, disregard the established rules of international law, and violate those rules of justice and humanity which all the rest of the world have been taught to respect; for their philosophy of international life furnishes no basis upon which to found these rules of justice and humanity. In result, then, in the place of what may be termed an equality or democracy of nations such as the Allies teach, Prussian political philosophy asserts on autocracy among nations—an international *régime* founded not upon friendliness but upon force—the force of a triumphant Prussia.

According, then, to the Prussian political philosophy, the normal relation that obtains between nations is one of fear rather than of respect, of contest rather than of concord. War actual as well as potential, is lauded not only as the means by which state supremacy is to be asserted but as the indispensable means whereby the highest virtues of the individual are to be developed. "The Living God," says Treitschke, "will take care that war shall always return." "The ideal of perpetual peace is not only impossible but immoral as well," he says in another place. "Ye shall have peace only as a means to war," says Nietzsche. "War is the noblest and holiest expression of human activity" was the doctrine declared to the youth of Germany in the official organ of the "Jung-Deutschland"—an organization similar to that of the Boy Scouts.

From what has been said it is seen that the Germans so exalt themselves as a cultural nation above all other peoples that they deem themselves freed from the restraints which a recognition of the individual rights of other nations would impose. This doctrine, it has been seen, is an outcome of their philosophy of history. Their political philosophers arrive at this same result by developing a theory of the State as a divine or mystical entity, a transcendental being which sets to itself its own rights, its own ends, and the means whereby these ends may be realized. This is not the ascription to the State of a supremacy and absoluteness such as is contained in the legal notion of sovereignty, but its endowment with a right to give commands which may not be morally questioned either by its own subjects or by other States. Its ground and essence thus becomes mere *Power*—physical might—and for the possession of this attribute in the greatest possible amount it is declared that, without scruple, every State should strive. It is the application to national politics of the "will to power" which Nietzsche taught to the individual. "The injunction to assert itself," declares Treitschke, the most influential of Prussian political philosophers, "remains always absolute. Weakness must always be condemned as the most disastrous and despicable of crimes, the unforgivable sin of politics"—the sin against the Holy Ghost.

From premises such as these the rights of small or militarily weak States find short shrift, and the morally obligatory character of international customs sanctioned by age and general agreement and supported by the highest considerations of justice and humanity, is easily disposed of. The most solemnly plighted national word remains binding only so long as expediency dictates. Cruelties too

terrible to be described receive complete justification if ordered by the State, even when there appears to be no commensurable justification for them upon the ground of practical expediency. The *sic volo, sic jubeo* of the State is deemed sufficient.

So much, then, for Prussian political ideals viewed in their international aspects as compared with those of the Allied nations. We now turn to a consideration of these ideals in their domestic or constitutional bearings. Here, also, the interests of other nations are vitally involved, since it is by means of their constitutional structure and powers that the German States have been able to obtain the support of their peoples for their aggressive international policies: and then also there is the fact that the Germans make no concealment of their purpose to impose their constitutional theories and practices upon such peoples as they may succeed in bringing under German political domination and control.

First, it is but fair to grant to the Prussian government system certain merits which it undeniably exhibits.

Constitutionalism reigns in Prussia and in the German States generally. By this it is meant that the powers of government are defined by law and that these limitations upon official action are as strictly observed as they are in any country of Europe or America, and that the private individual is as secure in his person and property against lawless acts, whether upon the part of other private individuals or of public officials, as he is in any other part of the world. Indeed, we may perhaps say that official lawlessness is less in evidence in Prussia than it is in some of the States which are now her enemies.

In routine administrative efficiency, also, Prussia exhibits a very high degree of excellence, and her social legislation for the betterment of the living and working conditions of her people has been of an intelligent and comprehensive character. Education, too, in all its branches, from the University to the primary school, has been sedulously fostered by the State. Commerce has been governmentally aided, and all forms of industry, especially those dependent upon technological knowledge and skill, have been promoted in every way possible.

In all these respects, then, no criticism lies against Prussia and the other States of Germany. Upon the contrary, praise rather than blame is their due. But opposed to these indisputable merits of Prussian domestic policies and governmental methods are to be set demerits which have served to bring disaster to the Germans themselves and immeasurable woe to the rest of the world. How this has come about I shall attempt to show in the remaining time at my disposal.

Though constitutional in character, the Prussian political system is founded upon the fundamental principle that the King rules by personal, inherent, and indefeasible right, and that in his will is to be found the final fountain or source of all law and of all political authority. Upon this point there is unanimity of opinion among Prussian publicists. The leading writer upon German public law is Dr. Paul Laband. In his standard treatise "Das Staatsrecht des deutschen Reichs," he says: "There is no will in the State superior to that of the sovereign, and it is from that will that both the constitution and the laws draw their binding force." Thus the Prussian constitution is deemed to rest not upon the will of the people subject to its provisions, but to be an emanation from the royal will. Its Preamble begins with the statement: "We, Frederick William, by the Grace of God, King of Prussia, etc., make known and publish" what follows.

Contrast this statement with that of the Belgian Constitution which declares that "all powers emanate from the people," that these powers "shall be exercised in the manner established by the Constitution," and that the executive powers vested in the King shall be "subject to the regulations of the Constitution." Or, compare the Prussian constitutional preamble with the statements of the Chinese Provisional Constitution that "the Republic of China is established by the people of China" and that "the sovereignty of China is vested in the whole body of the people." So also the French constitutional system rests upon the fundamental doctrine of popular sovereignty, and, it does not need to be said that the same is true of the American system. The Constitution of the United States begins with the emphatic statement: "We the people of the United States do ordain and establish this Constitution."

In Great Britain there is an hereditary monarch, but, since 1688, it has been established that his title to the throne is a

parliamentary one, that is, based upon the will of the representatives of the people: and, as is well known, constitutional practice has firmly fixed the doctrine that the King may exercise the powers theoretically vested in him only in accordance with the wishes of the legislative body which for more than two centuries has been conceded to have the right to determine who shall succeed to the throne.

The claim of the Prussian King to an inherent and personal right of rulership would not be a matter of serious moment if it were given only a theoretical and purely juristic significance: or if, being given actual operating force, the King admitted that he was under a moral responsibility to consult the wishes of his people and be subject to their judgment as to the manner in which his royal powers should be exercised. But neither of these propositions is accepted by the Prussian King.

As regards his moral responsibility for the manner in which he exercises his powers, the present King has taken every possible occasion to assert that he owes an obligation only to God, who, he affirms, has vested in him, personally, the right to rule. In Berlin, on February 20, 1891, he said: "You know that I regard my whole position and my mission as one entrusted to me by God, and that I am called upon to execute the mandates of a Higher King to whom I shall hereafter have to render account." Nineteen years later, on August 25, 1910, in Königsberg he declared: "Here my grandfather, again, by his own right, set the Prussian crown upon his head, once more distinctly emphasizing the fact that it was accorded to him by the will of God alone. . . and that he looked upon himself as the chosen instrument of Heaven. . . Looking upon myself as the instrument of the Lord, without regard to the opinions and intentions of the day, I go my way."

And, since the outbreak of the present war, in one of his proclamations to the army of the East, he said:—"The Spirit of the Lord has descended upon me because I am the Emperor of the Germans. I am the instrument of the Almighty, I am his sword, his agent. Woe and death to those who shall oppose my will. Woe and death to those who do not believe in my mission. . . Let them perish, all the enemies of the German people! God demands their destruction, God who, by my mouth, bids you do His will."

As I have already intimated, in sharp contrast with the constitutional practice in the monarchies of Great Britain, Belgium and Italy, it is accepted in Prussia as right and proper that the King should exercise a strong personal influence in matters of governmental policy. The Prussian Constitution is carefully drawn with that expectation in view. It will be noted that I am here speaking of the Prussian Constitution and the Prussian King. As *ex officio* German Emperor he is not vested with nearly so considerable independent powers, nor, as emperor, is he expected to exert a considerable personal influence in imperial affairs. This monarchical authority in the German Empire is constitutionally possessed for the most part by the Bundesrath or Federal Council, which represents the governments of the individual States of the Empire. But inasmuch as the voice of the Prussian delegation is, in practice, controlling in the Bundesrath, and this delegation is subject to the control of the King of Prussia, it necessarily follows that the Emperor, exercising his power as Prussian King, is able to exert a powerful influence in the Imperial Government. In other words, the dissatisfaction in Germany, which at times has been intense, with certain utterances and activities of the present Kaiser has not been because he has exerted a personal influence, but because he has exerted it outside of the channels constitutionally provided.

One important power the Imperial Constitution does, however, specifically grant to the Emperor, and this is, when the Empire is attacked, to declare that a state of war exists. Thus with regard to the present war, the Emperor asserted that Germany had been attacked, and therefore declared war without submitting the matter to the Bundesrath which alone had the constitutional power to declare an offensive war. Thus by an assertion of fact, which was absolutely false and has been proved to be so even by German testimony, the Emperor was able, by his own fiat, to commit the Empire and all its States to a war greater than that which previous history records.

In a truly democratic State the will of the governed as it finds expression through their freely elected representatives exerts a controlling influence in the determination of public policies. In Prussia, however, and in the other German monarchies, but

especially in Prussia, the doctrine is declared by those in power, and acquiesced in by the people, that though a certain amount of weight may be given to the popular will as given voice to in elected chambers, the decisive and affirmative factor in the determination of public policies is the will and judgment of the King and his advisers. In other words, the position is that not only have the governed no inherent ethical right to decide by whom and in what way they shall be governed, and what shall be the policies to be pursued by those in executive authority, but that, as a practical proposition, the problems of government are such that it is not feasible to grant to even a highly educated electorate the right, through its representatives, to exercise a controlling authority. In this respect, then, Prussian political conviction and practice stands in sharp contrast to that of countries like Great Britain, France, and the United States.

The relation in which the monarch stands to his popularly elected legislative chambers interprets many features of German public life which seem strange to foreign observers. It explains in the first place, the fact that it is considered a moral and wholly justifiable practice for the King and his personal advisers—the "government" as they are called—to control, so far as they are able not only the election of members to the representative body, but by rewards or other forms of political pressure, to influence the votes of the representatives after their election. It explains, furthermore, the policy of the "Government" in playing off one party or faction against another, and thus, through the *bloc* system, obtaining a majority vote in favor of the action which the government desires. It explains also the fact that not even the first steps have been taken in Germany in the development of responsible parliamentary government whether of the English or of the French type. It is indeed recognized by all German publicists that such a system is wholly incompatible with the German conception of monarchical power.

The monarchical conception in Germany explains still further the right, which is freely exercised by the "Government," of dissolving the elected chambers whenever other methods of obtaining their support for a government measure have failed; and, it may be said so powerful is the official influence that may be exerted in the ensuing elections, in practically all cases the result has been that the newly chosen chambers have been of the desired political complexion. Von Bülow, in his book entitled "Imperial Germany," complains that the Germans lack political ability, by which he means, as he takes pains to explain, that they show a disposition to form a multitude of minor parties based not on broad public principles but upon narrow, particularistic, and personal interests. It would seem, however, that this failure of two or more strong political parties to develop has been due in no small measure to the attitude which the "Government" assumes towards all political parties. The one strong political party—the Social Democrats—which has been formed in German imperial politics, is strong in number rather than in influence, and, moreover, occupies a very peculiar position, for, as Von Bülow frankly says, it has, from the viewpoint of the "Government," no right to exist. He flatly stigmatizes its members as enemies of the German State—enemies for the overthrow of whom any means, including force when feasible, may rightfully be employed. (These statements are discreetly omitted by the former Chancellor from the second edition of his work issued since the beginning of the war.) The reason why the Social Democrats are held in such peculiar detestation by the "Government" is not so much their legislative programme as it is that their fundamental political doctrines are in conflict with the monarchical conception of the Empire and of Prussia. This is made abundantly clear by reading between the lines of Von Bülow's book.

Finally, it may be said that the monarchical conception in Germany explains the open and avowed measures which are taken by the ruling authorities to control the formation and expression of a popular opinion with regard to matters of public policy. Not only is there kept a strict control over unofficial expressions in the press, as the numerous prosecutions of *lèse majesté* testify, but, and more especially, governmentally inspired articles are constantly published in the leading newspapers in order that the people may be led to take a favorable view regarding public policies which are approved by the "Government."

In summary, then, one may ask: Just what, according to Prussian ideas, is the part to be played by the elected representa-

tives of the people in the Diet? The answer is this: Their function is conceived to be a fourfold one: (1) They constitute an avenue of information through which the "Government" may learn regarding the economic conditions of the people and of their desires: (2) they constitute an organ of advice, that is, the representatives, individually or through their collective wisdom, may give what amounts to advice to those in authority: (3) they may criticise the policies of the Government,—bring its acts or many of them to the bar of public judgment: (4) they may exercise a veto power over the powers enumerated in the Constitution. This veto they can exercise by refusing to approve legislative propositions laid before them by the "Government." But, even in this negative sense, they cannot prevent the execution of any laws already enacted by refusing to approve the necessary appropriations. If these appropriations are not made by the chambers, the King is generally conceded to have the right to raise and expend what funds are necessary in order to carry out the laws already upon the statute books. This Prussian theory of the budget is based upon the doctrine that inasmuch as only the will of the King is competent to create law, the Diet cannot, by its action, defeat the operation of law.

The function which the chambers perform in the creation of law is thus limited to the vetoing of propositions of new law of which they disapprove. And even as to the new law which is approved by them, the constitutional theory is, as has been said, that the part played by the chambers is limited to a participation in the determination of the substance or material content of the law. That which gives legal life and force to this substance is the will of the King as manifested by his promulgation of the project in his name as law. And it does not need to be said that the King is at all times free to refuse to promulgate propositions which have received the assent of the chambers.

One further important feature which distinguishes Prussian political life from that of Great Britain, the United States, France, Belgium and Italy is that not only are military officers recognized as constituting an exalted social caste, but the directing heads of the army and navy are permitted to exercise an important and often a decisive influence in determining what the international policies of the government shall be. Thus is reversed what is the only true and healthy relation between the civil and military services of a State. The sole purpose which justifies the maintenance of a military establishment is that thus is provided an agency for supporting and carrying out the policies which the civil authorities decide upon. The army and navy are thus the strong executive arms of the government. They should never be more than servants, ready to yield scrupulous obedience to its commands and never themselves attempting to dictate or even to exert an influence in determining what the policies of the government shall be. If political history bears unequivocal testimony to any one fact it is that a State is perilously circumstanced when the military chiefs either forget their duty of obedience to the civil authorities or seek themselves to decide the policies which they are to execute.

In Prussia it cannot be said that the military establishments have shown an unwillingness to obey the orders of the civil authorities. But they have exerted a disastrous influence upon the policies of the government. For this the German people have themselves been largely to blame, for so high have they exalted the military virtues above the civil virtues, so huge did they make their military establishment even in times of peace, so often did they reiterate that military power is of the essence of statehood, and force the legitimate means whereby national ambitions, however extravagant, are to be attained, that only the blindness that comes of super-selfishness and conceit prevented them from seeing that they were building for themselves a military machine so powerful that their own lives and national destinies would be in its control.

We come now to the final point which I wish to discuss in this paper. Granting that there exists in Prussia the character of monarchical government which I have described, of what concern is this to the peoples of other States? And, in view of the generally acknowledged principle of international law that one nation is not presumed to have the right to bring pressure to bear upon another State to compel it to change its form of government, with what right or justice are the Entente Powers now demanding, as a condition of permanent peace, that Prussia shall effect a radical change in her scheme of political rule?

The answer to this question, shortly stated, is this: As regards the particular monarch now reigning, it has been shown that he and the advisers by whom he has seen fit to surround himself have no respect for their covenanted word and no regard for the rights of other peoples as sanctioned by long-established rules of international law. For the sake of securing his own ends he has exhibited no compunction in visiting upon wholly innocent peoples—the Belgians, for example—immeasurable and irreparable injuries. This he has justified to himself as an agent of the Almighty. Giving motive force to his acts has been the assumption that he is the legislative mouthpiece and the executive arm of a transcendental and mystical being, the National State of Germany, which has for its aim and mission the spreading throughout the world of that *Kultur* which it has itself created.

When thus understood, it is clear that the Prussian conception of monarchy assumes a significance which leaves it no longer a matter with which only the Germans themselves are concerned. Until this doctrine and those who support it are discredited, there can be no possible security for other peoples. It is, therefore, a matter of the merest precaution and self-defence that the Entente Powers and the United States should demand of the German people that, if they wish to continue to be monarchically governed, they should eliminate from their political philosophy and from their constitutional practice the features which have made possible the policies which their government has pursued.

The demand, therefore, of the Allied Powers that Prussian autocracy be overthrown is not based upon a claim upon their part that they have a right to impose their own political ideas upon the Germans. Rather their contention is compacted of two convictions: that only thus can they obtain treaty agreements of a binding force of which they can have an assurance: and that only thus will it be possible to prevent a continued acceptance by the German people of political principles and of national policies which not only furnish a constant menace to international peace and comity, but threaten to destroy civilization itself. As it now appears to the United States and to the Entente Powers only two alternatives are tolerable. Either the political power of Germany must be so weakened that it can no longer endanger the world, or it must be taken out of the control of those who have so grievously misused it.

Stated in other words, the conviction of the Allied Powers is that this much at least may be said of democracy: that, released from false teaching imposed upon them from above, and left free to form and express their own judgment regarding matters of public policy and of public morality, no intellectually enlightened people will adopt or support such policies as have been framed by the autocratic rulers of Germany and sought to be executed as divine commands. This is the real meaning of the demand that the world shall be made safe for democracy. Never again must it be possible for a few men intoxicated with their own power and demented by a belief in the divine origin of their own authority to plunge a whole world into an abyss of horror and suffering.

Confronted as the rest of the world is by doctrines such as Prussia has developed and sought to spread by her military might, no alternative is offered but to meet them with greater might and to stamp them out of existence. Leaving aside, then, all questions of territorial boundaries or other material national interests, the world will receive no adequate compensation for the enormous sacrifices it has made, unless the final terms of peace are such that, so far as is humanly possible, the claims of justice are satisfied by the payment of indemnities to those who have been wronged, and by the imposition upon the Germans of conditions that will demonstrate to them that theirs is a system of political morality which the civilized world will not tolerate.

(Some paragraphs from the foregoing address have been taken from two articles contributed by the author to the "American Journal of International Law.")

Two Chinese of the Labor Battalion have been awarded the Distinguished Service Medal for bravery in France. The decoration was conferred in recognition of their gallantry in traversing an enemy barrage three times to procure rations for their company.

ENGINEERING, FINANCIAL, AND INDUSTRIAL NEWS

RAILWAYS

S.M.R. Traffic Returns.—The S.M.R. Traffic Returns for August, 1918, give the daily average of Y.80,646.71, being an increase by Y.19,664.44 on the corresponding month of last year.

Japanese Railway Revenues.—The gross receipts of Japanese railways for the first half of the present fiscal year, April 1 to September 30, according to an investigation of the Imperial Railway Board, amounted to Yen 110,135,025. A total of 140,466,680 passengers were carried, yielding Yen 58,996,370; an increase of 24,064,249 passengers and Yen 16,911,318 compared with the corresponding period of last year; and an increase of Yen 13,266,328 compared with the budget estimate of receipts. A total of 24,548,800 tons of freight was handled, yielding Yen 51,138,655; an increase over last year of 2,585,054 tons of freight, and Yen 8,688,096; which is an increase over the budget estimate of Yen 7,092,205. In the total there is an increase over the corresponding period of last year by Yen 25,406,414, and an increase over the budget estimate by Yen 2,358,533.

Shanghai Tramways.—The following is the Traffic Return of the Shanghai Tramways (Foreign Settlement) for the month of September, 1918, and for 9 months ended 30th September, 1918:—

	September, 1918.
Gross Receipts	\$156,872.48
Loss by currency depreciation	36,658.79
Effective Receipts	Mex. \$120,213.69
Percentage of loss by currency depreciation ...	24.53
Car Miles run	347,940
Passengers Carried	7,254,206
	9 Months ended 30th September, 1918.
Gross Receipts	\$1,258,313.99
Loss by currency depreciation	283,323.77
Effective Receipts	Mex. \$974,990.22
Percentage of loss by currency depreciation ...	23.79
Car Miles run	3,062,999
Passengers Carried	57,495,057

Peking-Suiyuan Railway.—The latest report just received shows that the operating revenues of the Peking-Suiyuan Line for August this year, when compared with the corresponding period of the previous year, again show a remarkable increase. From this it can be seen that the traffic of this line increases steadily. The following table will show the comparative figures:—

	Revenue for August	Revenue for period January to August
1918	287,069	2,688,552
1917	194,901	2,162,221
Increase	92,168	526,331

MINING

Fu Chung Corporation's Sales.—The Fu Chung Corporation advise that sales of their Honan anthracite coal in September amounted to 62,970 tons.

Electrolytic Copper Order.—It is stated that the Chinese Government has ordered 2,000 tons of electrolytic copper from Japanese producers to meet coinage requirements. The product is quoted on the Japanese market at Yen 88 per picul (133½ pounds), a sharp advance over the recent quotation of Yen 74.

Mining in Shansi.—Much coal and iron are said to be found in the regions of Luan and Tsechow in Shansi but, owing to the difficulties of transportation, no one has ever thought of exploiting the deposits. Recently Chao Yu-hang started a coal and iron mining company for the purpose, with a good capital to begin with. A representative of the promoter has arrived at Shanghai for the purchase of machinery.

Hongkong Tin Market.—Importations of tin into Hongkong from Yunnan amounted to about 6,000 tons in the first six months of 1918, and 1,500 tons were on hand at the beginning of the year. Of this quantity 6,500 tons has been shipped to America and Europe and 850 tons to China and Japan. Purchases by America totalled 14,981,907 pounds, valued at \$9,628,228. The price per picul (133½ pounds) has fluctuated between Mexican \$103, the price at the beginning of the War, to \$182, the highest level reached in May, 1918.

Chinese Mining Permits.—The Ministry of Agriculture and Commerce issued in August permits for prospecting and developing to 31 mining companies. These included permits for 1 gold mine (at Kuantienhsien, Fengtien Province); 3 iron mines (near Nanking; at Laiyang, Hunan Province; and at Yungsinhsien, Kiangsi Province); 2 asbestos mines (at Tsing-sinhsien and Laiyuan, Chihli Province); 3 manganese mines (at Funing, Chihli Province; Siangtan, Hunan Province; and Yuhshien, Hunan Province); 1 pewter mine (at Kiang-hua, Hunan Province); 2 sulphur mines (at Anhua, Hunan Province; Tzuli, Hynan Province); 1 lead mine (at Yuanjenhsien, Fengtien Province); 4 soapstone mines, 2 porcelain clay mines, and 12 coal mines.

New Colliery Company.—A colliery company named Miyagi Tanko Kaisha has been organized with a capital of Y.2,000,000 and a coalfield of 3,700,000 tsubo in Miyagi Prefecture.

Kailan Mining Administration.—Recent weekly total output and sales from the Administration's mines were as follows:—

		Output (tons)	Sales (tons)
Week ended Sept. 21		45,695	45,433
Sept. 28		62,267	58,709
Oct. 5		61,575	44,658
Oct. 12		67,970	56,813
Oct. 19		66,007	57,035

SHIPPING

Japanese Shipping Losses.—Japanese merchantmen sunk by German submarines since the outbreak of the War number 26, aggregating 105,933 tons; not including five vessels which are missing with a total tonnage of 19,555. The lost tonnage is about 6 per cent. of the total Japanese shipping. This was the standing on October 1st.

Shipping Line under International Management.—The Tatsuma Kisen Kaisha's stock will be taken up partly by Iwai & Co., of Kobe, Senda & Co. of Calcutta, and Frank Waterhouse & Co., Tacoma. Senda & Co. will take charge of the shipping in Indian waters and the South Seas, while Waterhouse & Co. will look after the company's interests in America. The capitalization is Y.2,000,000. The Company will enter the coastwise trade with tramp steamers, all of which will be chartered.

C. P. R. Preparing Shipping Programme.—Indications that the Canadian Pacific Railway Company is planning a strong shipping programme are shown by the appointment of Mr. George M. Bosworth as chairman of the Canadian Pacific Ocean Services. He is resigning the position of vice-president in charge of traffic to devote his whole time to the shipping interests of the Canadian Pacific.

Shipping at Tientsin.—Entrances and clearances at Tientsin decreased by 12 vessels and 24,269 tons in the quarter ending March, 1918, as compared with the same quarter in 1917. Of the total 35.2 per cent. was British, 41.9 per cent. Japanese, 20.7 per cent. Chinese, and 2.2 per cent. Norwegian.

South-China South Sea Service.—The Mitsubishi, who recently opened a regular service between Osaka and Hankow, has drawn up a plan to inaugurate a few South-China South Sea services with a view to transporting general merchandise, coal, cereals etc., to begin with. The first route is to operate between Kobe and Singapore via Moji, Keelung, Hongkong and Manila with the s.s. *Daiya Maru*, 2,757 tons d.w. The second is to ply from Singapore to Amoy via Bangkok, Saigon, Haiphong, Hongkong and Swatow with the s.s. *Tamon Maru* (chartered for the purpose). The third will run between Singapore and Borneo touching at Sarawak, Labuan, Kudat, Sandakan, Tawao, etc., with the s.s. *Katsuura Maru*, 1,720 tons d.w. The fourth is to work the route between Keelung and Manila, calling at Amoy, Swatow, Hongkong and Canton with the s.s. *Rokuro Maru* (chartered) which already started on her first trip. The first mentioned three lines are to be operated bi-monthly, and the last one once monthly with a number of extra steamers if need be.

INDUSTRY

Japanese Cotton Mills at Shanghai.—With the purchase of the International Cotton Mill by Japanese interests, there are now ten big mills in Shanghai under Japanese ownership.

The Yuyuang Mill, owned by Chinese, is under contract for purchase by a Japanese firm, and another Japanese firm has the construction of a large mill under way.

Dyes from Maple Leaves.—The factory established at New Wiju, in Manchuria, on September 6th, for producing dyes from maple leaves marketed dyes worth Y.425 on September 25th.

Spinning Business Profitable.—A summary of returns from 33 spinning companies in Japan for the first half of this year shows that on the total paid-up capital of Y.124,335,220 the companies made a net profit of Y.45,197,507, making the average rate of dividend 52.7 per cent. This is an increase of 11.6 per cent. over last year's average dividend in the same period.

Expansion in Japan.—The amount of capital registered for new enterprises in August reached Y.752,116,000 and that for the expansion of old concerns to Y.37,290,000. These figures show a decrease of Y.83,057,000 and of Y.132,493,000 respectively compared with the previous month. The total since January 1 amount to Y.1,250,000,000 in the capital of new enterprises and to Y.906,389,000 in that for the expansion of old concerns, showing an increase of Y.575,830,000 and of Y.315,730,000 respectively compared with the corresponding period last year.

Hydraulic Electric Works.—A water-power electric supplying company to be named the Kanto Suiryoku-Denki Kabushiki Kaisha, is projected with a capital of Y.18,000,000. The application has already been made for the utilization of the water of the Tone. The company, as a first step, will supply electric power (theoretically 46,000 h.p.), to the factories at Tsurumi, in a suburb of Tokyo.

Water Power in Niigata Prefecture.—A water-power electric company to be named the Takasago Suiryoku-Denki Kaisha, with a capital of Y.2,500,000, held an inaugural meeting on October 7th. It will obtain 6,500 h.p. from the Itoigawa, Niigata Prefecture. After the works are completed, the company will be amalgamated with the Takasago Kogyo Kabushiki Kaisha (Takasago Industrial Co.) which will engage in the manufacture of carbide and pig-iron.

New Japanese Syndicate to Exploit Siberian Resources.—It is reported that a syndicate is to be formed among the Oriental Colonization Co., Mitsui Bussan Kaisha, Mitsubishi, Furukawa Mining Co., Kuhara Mining Co., and Suzukis, and Yokohama Specie Bank, Industrial Bank of Japan, Bank of Chosen, and Bank of Formosa, with a capital of roughly Y.20,000,000 to be furnished principally by the above-mentioned banks. It may be remembered that the Japanese Government formed a Commission for rendering economic aid to Siberia recently and placed it under the control of the Foreign Office which hurriedly organized the Commission on the lines mapped out by the Finance Office, but had to get together the representatives of the above-mentioned corporations and banks. The scheme is quite different from the Far Eastern Development Co. now in course of formation under Russo-Japanese joint management in response to an overture made by a circle of Siberian capitalists.

Factories in Osaka.—These were 16,207 factories within the jurisdiction of the Osaka Fu, Japan, at the end of August, which was

an increase over July by 6,900. The number of working men was 174,078, an increase by 236.

FINANCIAL

Japanese Customs Revenue Increasing.—The Japanese Customs revenue for August amounted to Y.7,203,103, showing an increase of Y.3,420,000 over the corresponding period in 1917. The increase in the five months April to August of the current fiscal year shows an increase of Y.12,068,272 over the same period last year.

Sumitomo Bank.—At a general meeting of shareholders of the Sumitomo Bank on September 20th, a dividend of 8 per cent. per annum for the past six months was declared.

Japanese Currency.—Coins and notes in circulation in Japan amounted to Y.1,213,984,467.92 in value at the end of August. This is an increase of Y.106,081,535.93 over the end of July, or Y.274,170,863.52 over the same date of last year. The details, classified by the kinds of currency, are as follows (figures compiled by the Finance Department):—

Gold coins	...	Y. 64,159,261.000
Silver coins	...	134,360,071.700
Nickel coins	...	9,491,081.100
Bronze coins	...	1,651,919.570
Copper coins	...	7,991,893.052
Small notes	...	65,689,000.000
Convertible notes	...	930,634,311.500

New Bank at Tientsin.—The Bank of Chosen opened a branch at Tientsin on September 20. The Bank will establish another branch at Tsinan in a near future.

Relief of Japan's Exchange Banks.—The special treasury certificates, Yen 100,000,000, which were sold through the Bank of Japan in the latter part of September, have the privilege of being used at any time as securities for loans from that bank at the interest rate of 1 sen 6 rin per diem, so that they have been regarded by other banks as more advantageous instruments than ordinary bonds. Yen 50,000,000 of the amount of sale is to be devoted to renewing the old certificates; and the remaining Yen 50,000,000, together with Yen 100,000,000 of certificates which were sold in August has been steadily applied to buying the specie held abroad by exchange banks. Consequently the loans made by the Bank to relieve exchange banks from shortage of capital to purchase out-going drafts, have decreased considerably. With Yen 368,000,000 as the highest record at the end of August, the amount fell to Yen 315,495,000 on September 25, a decrease of about Yen 53,000,000.

Japan's Enormous Budget.—The budgetary demands from various departments of the Japanese Government have already been compiled and the statements were handed in to the Minister of Finance, while the Terauchi Ministry was still in power. While no definite action has been taken by the retiring ministry, a glance at the statements was taken by the cabinet ministers before they handed over their offices to the succeeding ministry. No official statement has yet been given out as to the budgetary figures. But it is understood that they will be enormous, especially as the demands of the War Office will be tremendous, in view of the plan to reorganize the army corps system. The amount for this army reorganization plan will be presented in an account separate from the general budget. The Terauchi Ministry was optimistic as to the success of the budget at least for next year.

Special Japanese Treasury Certificates.—On September 25th, Yen 36,750,350 worth of special treasury certificates were issued in Japan under the following terms, and conditions:—Denominations: Yen 25, Y.50, Y.100, Y.500, Y.1,000, Y.5,000, Y.10,000; in all seven kinds. Price of Issue: Face Value. Term of Redemption:—June 30th, 1919; provided, however, that even before that date the government, when convenient, may redeem the whole or a part of the certificates. Interest: Two per cent. per annum. Interest Payment: From June 1st. Interest Account Date:—From the day of issue.

Japan's Postal Savings Deposits.—On September 23rd, the number of depositors with the post office savings banks was 18,731,430, amounting to Y.523,489,744. Compared with the end of August, there has been an increase of 127,844 in the number of depositors, amounting to Yen 15,337,850.

Yokohama Specie Bank Record.—The Statement of Accounts of the Yokohama Specie Bank for the first half of the year, January 1 to June 31, is as follows:—

LIABILITIES.				Yen
Shares	...	...	...	42,000,000.00
Various reserve fund	...	...	...	23,100,000.00
Reserve for Loan	...	...	...	2,716,029.24
Bank Notes	...	...	...	21,266,790.52
Deposits and Notes	...	...	...	659,974,077.44
Drafts Sold, etc.	...	...	...	403,097,271.23
Dividend Not Yet Paid	...	...	...	9,155.77
Brought forward from last term	...	...	...	2,720,448.73
Profits of the term	...	...	...	3,983,554.19
Total	...	...	...	1,158,867,327.12
ASSETS.				
Gold and Silver Accounts	...	...	...	265,488,492.64
Various Bonds and Certificates	...	...	...	22,672,863.74
Drafts bought, etc.	...	...	...	865,456,817.59
Bullion Gold and foreign Currency	...	...	...	2,062,302.23
Land and Buildings	...	...	...	3,186,850.92
Total	...	...	...	1,158,867,327.12

PROFIT AND LOSS.				
Gross Profits	...	...	...	65,384,475.86
of which brought forward from last term	...	...	...	2,720,448.73
Gross Losses	...	...	...	58,680,472.94
Balance, net profits	...	...	...	6,704,002.92

Customs House Exchange Rates.—The following rates of conversion were fixed by the Chinese Customs for the month of October:

Hk.	Tls.	3.30 @ 5s. 5½d. equals	£1
„	1.00 @ 7.94	„	Francs 7.12½
„	0.69 @ 129½	„	Gold \$1.00
„	1.00 @ 42½	„	Yen 2.64
„	1.00 @ 15	„	Rupees 4.55
„	1.00 @ 150	„	Mexican \$1.50

Japan's Postal Savings Increase.—Because of the economic prosperity in Japan and the encouragement by Government authorities, the postal savings have increased extraordinarily in recent days. On October 4, there were 18,806,189 depositors, whose deposits amounted to Yen 530,217,532. There has been an increase of 202,603 in the number of depositors and Yen 22,061,638 in deposits, compared with the end of August. The working men's insurance business has been prosperous, also.

On October 4, there were 260,382 policies issued up to that date this year, of which 95,461 policies were for endowment, and 164,921 for life.

Japan's Exchange Problem.—The Hara Ministry, it is understood, will permit an increase of the rate of exchange with foreign countries by two or three points, as a means of adjusting the one-sided exchange situation from which Japan has been suffering so far. The reason for the new policy was given briefly as follows: Before the war the Yokohama Specie Bank maintained an ideal of purchasing 50 per cent. of the export drafts in Japan, whereas actually the bank has been purchasing only 30 per cent. To-day, when Japan's export trade has enormously increased and the export drafts have followed suit, 80 per cent. of the exports have been purchased by the Yokohama Specie Bank, foreign banks only handling 20 per cent. of them; whereas the ratio has been reverse in the case of import drafts. That situation signified that the Terauchi Ministry has been adopting a coercive measure from the point of view of encouraging exportation and of cutting down importation. Since the rate of discount charged by the Yokohama Specie Bank unnaturally has been two or three points lower than that by foreign banks, it was no wonder that export drafts have gathered in the Yokohama Specie Bank and that import drafts have been driven to foreign banks. With the accumulation of export drafts, the Yokohama Specie Bank has felt a drain on its capital to purchase them, and the Bank of Japan has been obliged to lend to the Specie Bank almost unreservedly, thereby leading to the limitless issue of notes by the central bank and consequently to the inflation of currency. Unless the very cause of evil be removed, the solution of the exchange problem, stoppage of inflation of currency, and adjustment of prices cannot be expected, so it was maintained.

If the rate of exchange for export drafts charged by the Specie Bank be raised to the level of the rate charged by foreign banks, both the export and import drafts will, it is expected, gather in the Specie Bank thereby more equitably balancing the export and import drafts at that bank. To raise the rate of exchange for export drafts may cause some inconvenience to business men engaged in foreign trade, but for the sake of the greater benefits the lesser evils must be borne. Besides it is confidently hoped that the increase of the rate by two or three points will not cause any very great inconveniences to foreign trade.

MISCELLANEOUS

High-priced Telephone Service.—The price of a telephone installation at Dairen recently rose to Y.1,200, and a few transfers have been made at that price. The 640 installations at Changchun are insufficient to meet the demand, and the price there is around Y.700.

China's Trade with Japan.—In the period January 1st-September 20th, 1918, China imported Japanese goods to the value of Yen 209,053,000 and exported to Japan goods to the value of Yen 92,584,000, the balance of trade thus being heavily in favor of Japan.

Rising Costs in Osaka.—Wages at Osaka, the industrial centre of Japan, in the first half of 1918 increased 22.7 per cent. over the same period in 1917. In the same period the cost of living increased 38.1 over 1917.

Plate Glass Higher after the Rice Riots.—The unusual demand for plate glass to replace that broken in the rice riots has enormously increased the price of the article in Japan. A plate 8-ft. by 10-ft. now sells at Y.1,200, which is about six times the price prevailing a month ago. No decline is looked for, as native manufacturers have been unable to produce glass with a thickness of over $\frac{1}{2}$ -in., and imports have almost been stopped.

Motor Buses for Manila.—Manila will shortly be provided with an auto-bus service. Ten cars, each seating 22 passengers, are now in Manila and are being put into service. Fares will be on the zone system, the rate being 10 centavos from one district to another. Permission has been granted for the use of 22 buses.

The Toy Trade in Japan.—Japanese toy manufacturers are looking to orders from the United States for the Christmas demand to recover the trade they have lost elsewhere, although the American market has not been altogether pleased with the quality of toys supplied by Japanese makers in the early years of the War. This year the manufacturers have been studying American needs and taste. England was formerly one of the biggest buyers of their goods, but now bars their importation.

Japan's Rice Crop Increases.—The Japanese Government's estimate of the rice crop for this year on September 20 was 58,982,952 *koku* for the whole of Japan. It will be an increase over last year by 4,414,885 *koku*, that is 8.1 per cent; and 5,089,572, that is 9.4 per cent. over an average year, the average being 53,893,380 *koku*.

Japan's Trade with South America.—Japan's exports to South America from January to the end of August, this year, amounted, according to an investigation made by the Finance Department of Japan, to Yen 15,473,904, and the imports from South America to Yen 14,674,085. Compared with the corresponding period of last year, when the exports amounted to Yen 3,287,238 and the imports to Yen 9,310,627, there has been an increase of about seven times in exports and of about four times in imports. The trade with different South American countries in eight months, this year, was as follows: Peru—Y. 1,130,000; Chile—Y. 2,729; Argentine—Y. 9,777,000; Brazil Y. 1,217,000; Other countries—Y. 622,000; Total Y. 15,473,000.

What Japan's Storage Warehouses Hold.—The amount of goods kept in 73 principal storage warehouses of Japan at the end of July was valued at Yen 493,916,235, which was a decrease of Yen 50,651,877 as compared with the previous month. Of a large number of different kinds of goods, included in a list made out by an investigator of the warehouse conditions, the following were some of the largest figures: Indian cotton, Yen 81,291,267; cotton fabrics, Yen 47,684,432; American cotton, Yen 44,023,024; iron and steel materials, Yen 43,219,995; coarse sugar, Yen 30,744,571; woollen fabrics, Yen 28,710,187; wool, Yen 27,725,555; drugs, dyes and paints, Yen 18,106,458; metal manufactures, Yen 15,883,723; beans, Yen 14,938,310, etc.

The Road to Woosung.—Work on the road from Shanghai to Woosung has been resumed by the Military Governor of Shanghai. The greater part of the earthwork has been completed.

Japan's Mail Service Increases.—During August, this year, the ordinary mail matters handled by all the post offices of Japan were 206,755,706 pieces, which compared with August, last year, was an increase by 30,479,582 pieces; that is 13.3 per cent. increase.

IRON & STEEL

New Iron Works.—A pig-iron manufacturing company called Kyushu Sentetsu Kabushiki Kaisha, was organized at an inaugural meeting held on September 25th, with a capital of Y. 5,000,000. The company will undertake the manufacture of iron from Chinese ores. A furnace having already been prepared, the business will be commenced from January next year.

Chinese Ironworks.—Arrangements are now being made to establish a large iron smelting works in Chihli. The capital will be subscribed partly by the Government and partly by the merchants. The former Minister of Finance, Mr. Chow Tzu-chi, is said to be interested in this new concern.

Production of Iron.—The investigating committee appointed by the Japanese Government estimate this year's production of iron in Japan and from certain mines in China under the special control of the Japanese Government at 871,372 tons. A scheme for extension is expected to bring the annual output up to 1,250,000 tons in two or three years. The Government Iron Works at Yamata heads the list this year, with an estimated output of 400,000 tons.

SHIPBUILDING

New Ships for the O. S. K.—The Osaka Shosen Kaisha has ordered from the Mitsubishi Zosen Kaisha five steamers of 10,000 tons each, to be completed in the latter half of 1919.

Shipbuilding at Singapore.—The first of two wooden steamships built by the Anglo-Chinese Steamship Company of Singapore has been launched at Tanjong Rhu, and will enter the Straits and China trade. The vessels, which are built to Lloyd's highest class for wooden ships, are 280 feet in length and of 2,400 tons deadweight. The external planking is teak-wood and the frame is of hardwood. The propelling machinery consists of two sets of Skandia motors with a speed of 10 knots, and a donkey boiler is installed on deck for six cargo winches working three hatches. Steering is by steam. There is provision for 20 first-class and 300 third-class passengers.

N.Y.K. and O.S.K.—The Nippon Yusen Kaisha has recently ordered three freight ships of 10,000 tons each to be built in the Mitsubishi Docks as a part of the plan to fill the gap caused by the losses of bottoms so far and also to extend the business of the company. These ships are to be of the most modern make, having a speed of 14 knots. They will be completed in summer or fall, next year. The rival concern, the Osaka Shosen Kaisha, has ordered from the Mitsubishi Dockyard Company two ships of 10,000 tons each. They are the *Peru Maru* and the *Chihli Maru*. These will be used partly for freight and partly for passenger service. They will be completed during this year. When these ships are completed, they will be used for services at home, in the American and the European routes.